# Public Accounts
## 2003-04

### Volume 1

Main Financial Statements

# Saskatchewan

104-06135/



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To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of the Province of Saskatchewan

May It Please Your Honour:

The undersigned has the honour to submit herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 2004.

Respectfully submitted,

Harry Van Mulligen
Minister of Finance

Regina, Saskatchewan
June 2004

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The Honourable Harry Van Mulligen
Minister of Finance

We have the honour of presenting herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 2004.

Respectfully submitted,

Ron Styles
Deputy Minister of Finance

Terry Paton
Provincial Comptroller

Regina, Saskatchewan
June 2004

## Introduction to the Public Accounts

The 2003-04 Public Accounts of the Government of Saskatchewan are organized into two reports:

**Volume 1** contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. It also contains information on the Fiscal Stabilization Fund.

The General Revenue Fund Financial Statements account for the financial transactions of the General Revenue Fund and the Province of Saskatchewan Sinking Funds. All public money is paid into the General Revenue Fund except where the Legislative Assembly has directed otherwise. The General Revenue Fund is available for appropriation for the public services of Saskatchewan.

The Summary Financial Statements consolidate the financial transactions of the General Revenue Fund, Crown corporations, agencies, boards and commissions. These consolidated statements provide a full accounting of the financial affairs and resources of all entities for which the Government is responsible.

The Fiscal Stabilization Fund was established April 1, 2000. Its purpose is to stabilize the fiscal position of the Government from year to year and to facilitate the accomplishment of long term objectives.

Volume 1 also contains detailed information on public issue debentures and debentures issued to the Minister of Finance of Canada.

**Volume 2** contains the following:

- details on the revenue and expenditure of the General Revenue Fund; and
- other information including financial information on the assets, liabilities and residual balances of pension plans and trust funds administered by the Government, and a listing of remissions of taxes and fees.

**Internet Address**

The Public Accounts are available on the Internet at: http://www.gov.sk.ca/finance/paccts

## Sources of Additional Information

**Financial Statements Compendium**
The financial statements of various government boards, agencies, commissions, pension plans, special purpose funds and institutions, as well as Crown corporations which are accountable to the Treasury Board are available on the internet at: http//www.gov.sk.ca/finance/paccts

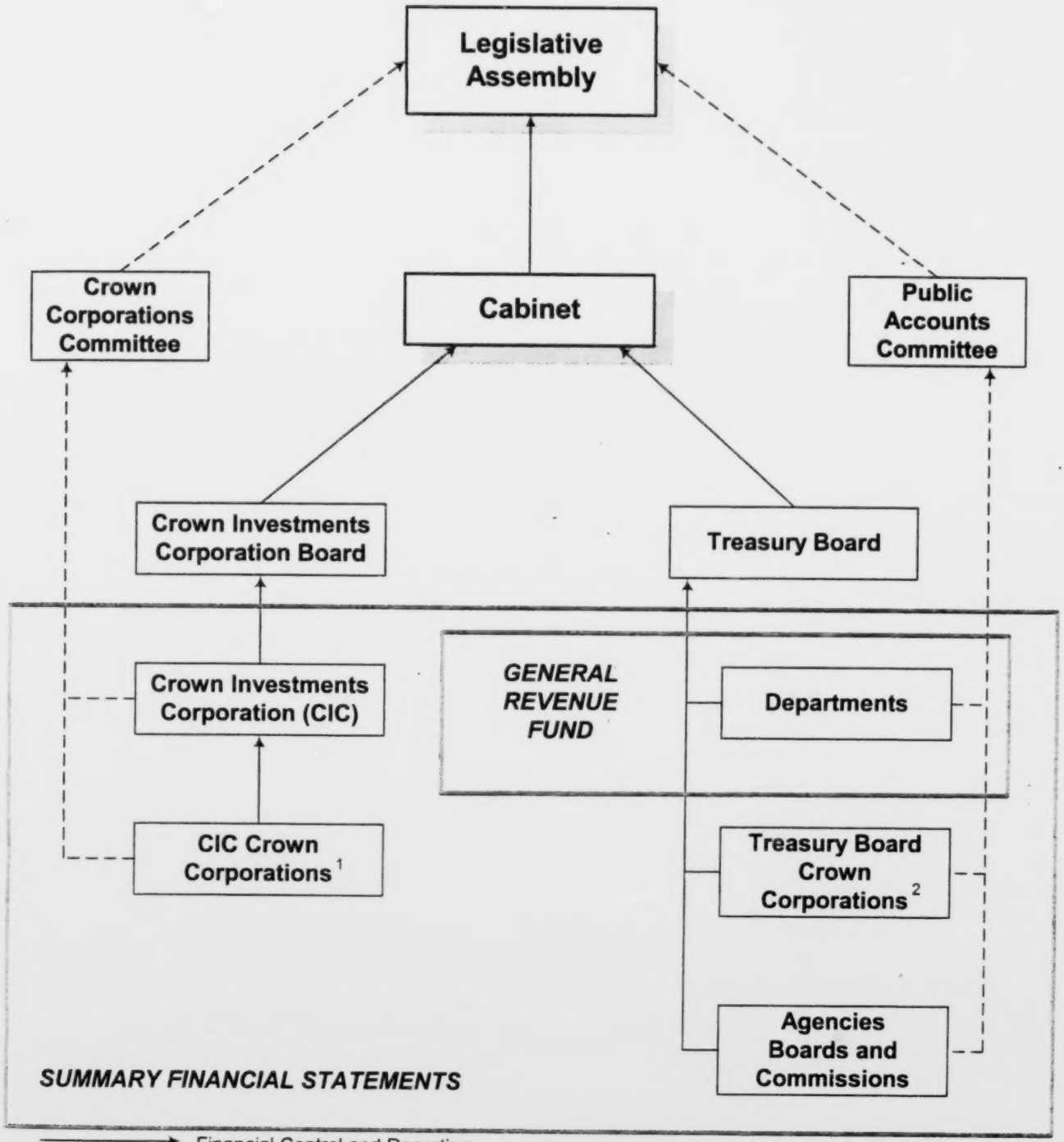
**Annual Reports of Saskatchewan Crown Corporations**
This is a compendium of the financial reports of Crown corporations that are accountable to the Crown Investments Corporation.

**Budget Address**
The Government of Saskatchewan presents a budget each year, usually early in the spring. At this time, a document containing the Budget Address and budget papers is tabled.

**Saskatchewan Estimates**
The Government's spending estimates for the year commencing April 1 are presented to the members of the Legislative Assembly following presentation of the Budget Address by the Minister of Finance. The Estimates outline the detailed estimates of revenue, expenditure, loans, advances, and investments to the Legislative Assembly for approval in the form of *The Appropriation Act.*

**Province of Saskatchewan Interim Financial Reports**
Updates on the General Revenue Fund's revenue, expenditure, surplus, and debt also provided in financial reports prepared after the first quarter, at mid-year and after the third quarter.

## Financial Reporting Structure




1 Examples of CIC Crown corporations are: SaskEnergy, SaskPower, SaskTel, SGI, and STC.

2 Examples of Treasury Board Crown corporations are: Agricultural Credit Corporation of Saskatchewan, Saskatchewan Liquor and Gaming Authority, Saskatchewan Crop Insurance Corporation and Saskatchewan Property Management Corporation.

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# General Revenue Fund
# Financial Statements

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## Responsibility for General Revenue Fund Financial Statements

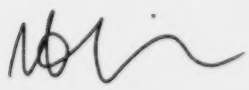
The Government is responsible for the General Revenue Fund Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate.

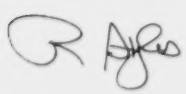
The Provincial Auditor expresses an independent opinion on these statements. His report, stating the scope of his audit and opinion, appears on the following page.

Treasury Board approves the General Revenue Fund Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

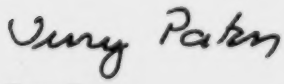
On behalf of the Government of the Province of Saskatchewan.



Harry Van Mulligen
Minister of Finance



Ron Styles
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
June 2004

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# Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

**These financial statements report transactions and events of the General Revenue Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the General Revenue Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.**

**Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Summary Financial Statements* of the Government of Saskatchewan. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.**

I have audited the statement of financial assets, liabilities, and accumulated deficit of the General Revenue Fund as at March 31, 2004 and the statements of revenue, expenditure, and accumulated deficit and cash flow for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

**Reservations**

1. The Government records transactions between the General Revenue Fund and the Fiscal Stabilization Fund as revenues or expenditures of the General Revenue Fund. The substance of the transactions between the General Revenue Fund and the Fiscal Stabilization Fund are that amounts owed by the General Revenue Fund to the Fiscal Stabilization Fund must be repaid to the General Revenue Fund by the Fiscal Stabilization Fund. Canadian generally accepted accounting principles for the public sector do not allow the General Revenue Fund to record changes in the amounts due to the Fiscal Stabilization Fund as revenues or expenditures of the General Revenue Fund.

   In 2004, the financial statements show a liability of $366 million owed to the Fiscal Stabilization Fund and revenue of $211 million from the Fiscal Stabilization Fund. It is not appropriate to record the $211 million as revenue because it is not revenue earned by the General Revenue Fund but is the reduction in the amount owed to the Fiscal Stabilization Fund by the General Revenue Fund. In my opinion, instead of recording revenue of $211 million, the financial statements should show an asset of $366 million owed to the General Revenue Fund from the Fiscal Stabilization Fund. Had the transaction been properly recorded, financial assets as at March 31, 2004, would increase by $366 million and the accumulated deficit would decrease by $366 million. Also, revenue from the Fiscal Stabilization Fund would decrease by $211 million and the surplus for the year would decrease by $211 million.

   In 2003, the financial statements show a liability of $577 million owed to the Fiscal Stabilization Fund and an expenditure of $82 million to the Fiscal Stabilization Fund. It is not appropriate to record the $82 million as an expenditure because the Fiscal Stabilization Fund must return the $82 million to the General Revenue Fund. In my opinion, instead of recording an expenditure of $82 million, the financial statements should record an asset of $577 million owed to the General Revenue Fund from the Fiscal Stabilization Fund. Had the transaction been properly recorded, financial assets as at March 31, 2003, would increase by $577 million and the accumulated deficit would decrease by $577 million. Also, expenditure would decrease by $82 million and the surplus for the year would increase by $82 million.

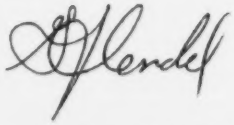
2. Loans receivable from Crown corporations include $32 million (2003 - $58 million) that can only be repaid if the Government provides the Crown corporations with the money to repay the loans. Canadian generally accepted accounting principles for the public sector require that such transactions be recorded as expenditures and not as loans receivable. Had the transactions been properly recorded, loans receivable from Crown corporations as at March 31, 2004, would decrease by $32 million (2003 - $58 million) and the accumulated deficit would increase by $32 million

(2003 - $58 million). Also, expenditure would increase by $12 million (2003 - $58 million) and the surplus for the year would decrease by $12 million (2003 - $58 million).

3. The General Revenue Fund is responsible for the liabilities of several pension plans. Note 7 states that the pension liabilities are not recorded in these financial statements. Canadian generally accepted accounting principles for the public sector require that the pension liabilities should be recorded in the financial statements. Had pension liabilities been recorded, liabilities and accumulated deficit as at March 31, 2004, would increase by $4,023 million (2003 - $3,976 million) and expenditure would increase by $47 million (2003 - $24 million) and surplus for the year would decrease by $47 million (2003 - $24 million).

**Opinion**

In my opinion, except for the effects of recording changes in the amounts due to the Fiscal Stabilization Fund as revenues or expenditures of the General Revenue Fund, the recording of loans receivable instead of expenditures when the Government has to provide the money to repay the loans receivable, and the failure to record pension liabilities as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the General Revenue Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.



Regina, Saskatchewan
June 9, 2004

Fred Wendel, CMA, CA
Provincial Auditor

# General Revenue Fund
## Statement of Financial Assets, Liabilities, and Accumulated Deficit
As at March 31, 2004

(thousands of dollars)

| Schedule | | 2004 | 2003 |
|---|---|---|---|
| | **Financial Assets** | | |
| | Cash and temporary investments (note 3) | $ 501,675 | $ 353,002 |
| | Prepaid expenditures | 2,221 | 3,257 |
| 1 | Accounts receivable | 575,364 | 531,274 |
| | Agricultural land held for resale (note 4) | 108,086 | 109,960 |
| | Deferred charges | 50,014 | 48,447 |
| 2 | Loans to Crown corporations | 3,612,227 | 3,626,777 |
| 3 | Other loans | 121,478 | 121,632 |
| | Equity investment in Crown Investments Corporation of Saskatchewan | 1,181,152 | 1,181,152 |
| | **Total Financial Assets** | 6,152,217 | 5,975,501 |
| | **Liabilities** | | |
| 4 | Accounts payable and accrued liabilities | 983,792 | 833,325 |
| 5 | Deposits held | 570,798 | 779,984 |
| | Unearned revenue | 57,798 | 59,579 |
| 6,7&8 | Debt | $ 11,643,864 | $ 11,448,203 |
| | Unamortized foreign exchange loss | (50,030) | (136,689) |
| | | 11,593,834 | 11,311,514 |
| | **Total Liabilities** | 13,206,222 | 12,984,402 |
| | **Accumulated Deficit** | $ (7,054,005) | $ (7,008,901) |

(See accompanying notes)

Tangible capital assets (note 5)
Pension liabilities, contingencies, and commitments (notes 7, 11, 12)
9 Guaranteed debt

# General Revenue Fund
# Statement of Revenue, Expenditure, and Accumulated Deficit
For the Year Ended March 31, 2004

(thousands of dollars)

| Schedule | | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|---|
| **Revenue** | | | | |
| 10 | Taxation | $ 3,422,100 | $ 3,397,696 | $ 3,368,100 |
| 10 | Non-renewable resources | 816,800 | 1,140,962 | 1,243,649 |
| 10 | Transfers from Government entities | 600,200 | 614,250 | 692,491 |
| 10 | Other own-source revenue | 334,200 | 372,538 | 351,645 |
| 10 | Transfers from the federal government | 1,054,700 | 1,032,952 | 800,820 |
| **Total Revenue** | | 6,228,000 | 6,558,398 | 6,456,705 |
| **Operating Expenditure** | | | | |
| **Executive Branch of Government** | | | | |
| | Agriculture, Food and Rural Revitalization | 251,818 | 332,388 | 311,970 |
| | Centenary Fund | 29,000 | 27,843 | 24,451 |
| | Community Resources and Employment | 605,963 | 605,027 | 607,099 |
| | Corrections and Public Safety | 118,550 | 117,596 | 116,369 |
| | Culture, Youth and Recreation | 43,698 | 47,668 | 43,472 |
| | Environment | 139,743 | 178,335 | 180,324 |
| | Executive Council | 7,409 | 7,119 | 7,071 |
| | Finance | 239,663 | 235,598 | 222,470 |
| | Government Relations and Aboriginal Affairs | 190,346 | 187,003 | 176,006 |
| | Health | 2,526,794 | 2,515,823 | 2,342,835 |
| | Highways and Transportation | 296,192 | 293,732 | 294,492 |
| | Industry and Resources | 77,541 | 71,514 | 91,561 |
| | Information Technology Office | 5,365 | 3,089 | - |
| | Justice | 190,947 | 194,659 | 184,284 |
| | Labour | 14,246 | 13,779 | 13,771 |
| | Learning | 1,165,416 | 1,256,112 | 1,085,613 |
| | Northern Affairs | 5,519 | 4,883 | - |
| | Public Service Commission | 8,554 | 8,515 | 8,554 |
| | Saskatchewan Property Management Corporation | 17,608 | 22,108 | 21,833 |
| | Saskatchewan Research Council | 7,964 | 7,964 | - |
| | Saskatchewan Water Corporation | - | - | 3,016 |
| **Legislative Branch of Government** | | | | |
| | Chief Electoral Officer | 811 | 7,779 | 1,207 |
| | Conflict of Interest Commissioner | 122 | 102 | 99 |
| | Information and Privacy Commissioner | 306 | 290 | 121 |
| | Legislative Assembly | 18,465 | 18,295 | 17,455 |
| | Ombudsman and Children's Advocate | 2,771 | 2,737 | 2,651 |
| | Provincial Auditor | 5,755 | 5,755 | 5,727 |
| Total Operating Expenditure (note 10) | | 5,970,566 | 6,165,713 | 5,762,451 |
| Operating Surplus | | 257,434 | 392,685 | 694,254 |
| Finance - Servicing the Debt (note 9) | | (650,000) | (602,702) | (611,394) |
| Transfer from (to) the Fiscal Stabilization Fund | | 392,700 | 211,000 | (82,000) |
| **Surplus for the Year** | | 134 | 983 | 860 |
| Accumulated deficit, beginning of year | | (7,008,901) | (7,008,901) | (7,009,761) |
| Adjustment to accumulated deficit (note 17) | | - | (46,087) | - |
| **Accumulated Deficit, End of Year (note 8)** | | $ (7,008,767) | $ (7,054,005) | $ (7,008,901) |

(See accompanying notes)

# General Revenue Fund
# Statement of Cash Flow
For the Year Ended March 31, 2004

| Schedule | | 2004 | 2003 |
|---|---|---|---|
| | | | (thousands of dollars) |
| **Operating Activities** | | | |
| | Surplus for the year | $ 983 | $ 860 |
| | Add non-cash items | | |
| | Amortization of foreign exchange loss | 3,660 | 9,771 |
| 11 | Loss on loans and investments | 79,785 | 2,262 |
| 12 | Net change in non-cash operating activities | 104,065 | 114,141 |
| | Earnings retained in sinking funds | (46,868) | (50,827) |
| | Adjustment to accumulated deficit | (46,087) | - |
| **Cash Provided by Operating Activities** | | 95,538 | 76,207 |
| **Investing Activities** | | | |
| 13 | Loan Advances | (499,635) | (429,518) |
| 13 | Loan Repayments | 306,969 | 416,911 |
| 13 | Sinking fund contributions received from Crown corporations | 24,608 | 24,459 |
| 13 | Contributions made to sinking funds | (83,424) | (81,925) |
| 13 | Debt redemption funded from sinking funds | 30,234 | - |
| 13 | Other | 1,628 | 62,551 |
| **Cash Used for Investing Activities** | | (219,620) | (7,522) |
| **Financing Activities** | | | |
| | Proceeds from debt | 1,124,423 | 843,782 |
| | Repayment of debt | (642,482) | (404,651) |
| | Decrease in deposits held | (209,186) | (285,008) |
| **Cash Provided by Financing Activities** | | 272,755 | 154,123 |
| **Increase in Cash and Temporary Investments** | | 148,673 | 222,808 |
| Cash and temporary investments, beginning of year | | 353,002 | 130,194 |
| **Cash and Temporary Investments, End of Year** | | $ 501,675 | $ 353,002 |

(See accompanying notes)

# General Revenue Fund
# Notes to the Financial Statements
As at March 31, 2004

## 1. Significant Accounting Policies

These financial statements are prepared in accordance with the generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, with the following exceptions:

- transfers to and from the Fiscal Stabilization Fund are included in the determination of surplus for the year; and
- pension liabilities are not recorded in the financial statements. The General Revenue Fund accounts for defined benefit pension obligations on a cash basis.

The significant accounting policies are summarized below.

### a) Reporting entity

The General Revenue Fund is the general fund which receives all revenues unless otherwise specified by law. Spending from the General Revenue Fund is appropriated by the Legislative Assembly.

Other government entities such as special purpose funds, Crown corporations, and other agencies, report separately in other financial statements. Only financial transactions to or from these other entities are included in the General Revenue Fund. The net expenditures/recoveries for revolving funds' operations are charged to expenditure.

The Government's summary financial statements which include the financial activities of the General Revenue Fund and other government entities are provided separately.

### b) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

#### Revenue

Except for corporate and personal income taxes which are recorded when received from the federal government, revenues are recorded on the accrual basis.

Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

#### Expenditure

Expenditures are recorded on the accrual basis, except for defined benefit pension plan costs which are recorded on the cash basis, and include the cost of tangible capital assets and inventories acquired during the year.

Government transfers are recognized as expenditures in the period during which the transfer is authorized and any eligibility criteria are met.

#### Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

***Temporary investments*** are recorded at the lower of cost or market.

***Agricultural land held for resale*** is valued at the lower of cost or net realizable value, on an aggregate basis.

***Deferred charges*** include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

***Loans to Crown corporations*** and ***Other loans*** generally have fixed repayment terms and are interest bearing. Short-term loans to Crown corporations are recorded at par; all other loans are recorded at cost. Interest received on these loans is netted against interest paid on money borrowed for these loans

***Equity investment in Crown Investments Corporation of Saskatchewan*** is an advance to the corporation to form its equity capitalization and is recorded at cost.

# General Revenue Fund
# Notes to the Financial Statements

Where there has been a loss in value that is other than a temporary decline, loans and equity investments are written down to recognize the loss.

***Tangible capital assets*** and ***inventories***, except for agricultural land held for resale, are recorded as an expenditure in the period acquired.

### Liabilities

Liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They consist of financial obligations to repay borrowings and to pay for goods and services acquired prior to year end, and revenue, where goods or services will be delivered in the future.

***Unearned revenue*** consists mainly of revenue for Crown mineral leases and motor vehicle fees that will be earned in a subsequent fiscal year.

***Debt*** is issued for general government purposes and for Crown corporations. All debt is recorded at par.

Premiums, discounts, and issue costs incurred on debt issued for general government purposes are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. The General Revenue Fund is reimbursed by Crown corporations for all sinking fund contributions made on debt incurred on their behalf. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Interest, discounts, premiums and commissions on money borrowed for Crown corporations and others are netted against reimbursements by these entities.

***Unamortized foreign exchange loss*** includes unrealized foreign exchange gains and losses resulting from conversion of debt and sinking fund investments, held for general government purposes in a foreign currency, to the Canadian dollar equivalent at March 31. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue. Realized foreign exchange gains or losses, resulting from transactions for general government purposes, are included in servicing the debt.

***Guaranteed debt*** includes guarantees by the Minister of Finance, made through specific agreements or legislation, to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

## 2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of non-renewable resource royalties, and the federal government's Equalization and the Canada Health and Social Transfer. The uncertainty arises from factors such as price and production sensitivities in the royalty structures, and the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country. Management considers that it is reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

## 3. Cash and Temporary Investments

The market value of cash and temporary investments is $501.8 million (2003 - $353.1 million). Temporary investments are generally for less than 30 days, and have an average effective interest rate of 2.25 per cent.

## 4. Agricultural Land Held For Resale

The estimated net realizable value of the agricultural land held for resale at March 31, 2004 is $205.2 million (2003 - $202.3 million).

# General Revenue Fund
# Notes to the Financial Statements

## 5. Tangible Capital Assets

Tangible capital assets are recorded as an expenditure in the year acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

Tangible capital assets are valued at cost and are generally amortized on a straight line basis over the estimated useful life of each asset.

During the current year, tangible capital assets costing $199.8 million (2003 - $147.0 million) were acquired.

The following table includes assets held for use and does not include assets acquired by right or heritage assets and certain assets available for public use.

The Saskatchewan Property Management Corporation (SPMC) also acquires tangible capital assets for use in day to day operations. SPMC manages most of the buildings and land used in the provision of services to the public. These assets are reported separately in the financial statements of SPMC.

(thousands of dollars)

| | Land & Buildings | Machinery & Equipment | Transportation Equipment | Office & Information Technology | Infrastructure | 2004 Total | 2003 Total (Restated[1]) |
|---|---|---|---|---|---|---|---|
| *Estimated useful life* | *15 years-Indefinite* | *10-20 years* | *10-40 years* | *5-10 years* | *15-40 years* | | |
| Opening cost | $ 85,901 | $ 7,089 | $ 11,212 | $ 54,874 | $ 2,558,819 | $ 2,717,895 | $ 2,611,860 |
| Additions[2] | 6,830 | 52,897 | 1,064 | 8,479 | 130,556 | 199,826 | 147,030 |
| Disposals | - | - | - | - | (41,319) | (41,319) | (40,995) |
| Closing cost[3] | 92,731 | 59,986 | 12,276 | 63,353 | 2,648,056 | 2,876,402 | 2,717,895 |
| Opening Accumulated amortization | 3,239 | 3,607 | 3,891 | 18,449 | 1,265,044 | 1,294,230 | 1,247,438 |
| Annual amortization | 2,163 | 694 | 634 | 6,788 | 82,757 | 93,036 | 87,778 |
| Disposals | - | - | - | - | (41,257) | (41,257) | (40,986) |
| Closing accumulated amortization | 5,402 | 4,301 | 4,525 | 25,237 | 1,306,544 | 1,346,009 | 1,294,230 |
| Net Book Value of Tangible Capital Assets | $ 87,329 | $ 55,685 | $ 7,751 | $ 38,116 | $ 1,341,512 | $ 1,530,393 | $ 1,423,665 |

[1] During the year, the thresholds for tangible capital assets other then infrastructure were increased and estimated useful lives were revised for certain asset categories. These changes were implemented retroactively. Increases to the April 1, 2003 opening cost of $9.0 million and opening accumulated amortization of $6.1 million reflect these changes and the initial disclosure of certain assets.

[2] Additions include $54.2 million of tangible capital assets transferred from revolving funds on March 31, 2004.

[3] Closing cost includes work-in-progress of $8.4 million (2003 - $20.2 million).

## 6. Risk Management of Public Debt

Funds are borrowed in both domestic and foreign capital markets by issuing Province of Saskatchewan securities. This borrowing activity finances general government operations and the activities of Crown corporations. These transactions result in exposure to four types of risk - interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, a preference for fixed rate Canadian dollar denominated debt is maintained. Where market conditions dictate that other forms of debt are more attractive, opportunities are identified to use derivative financial instruments to reduce these risks. A derivative financial instrument is a contract whose value is based on the value of another asset or index.

***Interest rate risk*** is the risk that debt servicing costs will increase due to changes in interest rates. This risk is managed by issuing debt securities at predominantly fixed rates of interest rather than at floating rates of interest. Opportunities are sought to effectively convert floating rate debt into fixed rate debt through the use of interest rate swaps. At March 31, 2004, 82.0% (2003 - 86.6%) of the gross debt effectively carried a fixed rate of interest.

# General Revenue Fund
# Notes to the Financial Statements

***Foreign exchange rate risk*** is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies. This risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, opportunities are sought to effectively convert it into Canadian dollar debt through the use of a cross currency swap. At March 31, 2004, 86.3% (2003 - 81.6%) of the gross debt was effectively denominated in Canadian dollars.

***Credit risk*** is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. This risk is managed by dealing only with counterparties with good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2004, 100% (2003 - 100%) of counterparties held a credit rating of A or higher, as defined by Standard and Poor's.

***Liquidity risk*** is a risk that financial commitments will not be met over the short-term. This risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

Schedule 8 provides more detailed information regarding the use of derivative instruments.

## 7. Retirement Benefits

The Government sponsors several defined benefit pension plans and a defined contribution pension plan.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

### Defined benefit pension plans

Defined benefit plans provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

The two main plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Saskatchewan Pension Annuity Fund, an annuity underwriting operation. Obligations for allowances payable from the former Members of the Legislative Assembly Superannuation Fund (MLA) are part of the General Revenue Fund.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a four year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

The TSP provides inflation protection equal to 80 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP and MLA. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP and MLA are paid from the General Revenue Fund.

# General Revenue Fund
# Notes to the Financial Statements

Information on the defined benefit plans follows:

| | 2004 | | | | 2003 |
|---|---|---|---|---|---|
| | TSP | PSSP | Others | Total | Total |
| Plan Status | closed | closed | closed[1] | closed | n/a |
| Member contribution rate, percentage of salary | 7.85 | 7 - 9[2] | 5 - 9[2] | n/a | n/a |
| Number of active members | 4,424 | 1,755 | 73 | 6,252 | 7,268 |
| Average age of active members, years | 51.9 | 53 | 59 | 52 | 51.1 |
| Former members entitled to deferred pension benefits | 5,867 | 136 | 10 | 6,013 | 6,817 |
| Number of superannuates and surviving spouses | 10,008 | 5,782 | 2,197 | 17,987 | 17,489 |
| Member contributions (thousands of dollars) | $ 18,481 | $ 6,063 | $ 335 | $ 24,879 | $ 27,655 |
| Government contributions (thousands of dollars) | 73,188 | - | 2,550 | 75,738 | 69,349 |
| Benefits paid (thousands of dollars) | 249,364 | 98,318 | 6,954 | 354,636 | 335,770 |

[1] Judges is open to new membership, all other plans are closed.
[2] Contribution rate varies based on age upon joining the plan.
n/a - not applicable

The assumptions used to determine the actuarial value of the accrued benefit obligation and pension fund assets for TSP and PSSP are as follows:

| | TSP | PSSP |
|---|---|---|
| Rate of compensation increase | 3.50% | 4.00% |
| Expected long-term rate of return on plan assets | 7.00% | n/a |
| Discount rate | 7.00% | 6.25% |
| Inflation rate | 3.00% | 3.00% |

Based on the latest actuarial valuation, extrapolated to March 31, 2004, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

(thousands of dollars)

| | 2004 | | | | | | 2003 |
|---|---|---|---|---|---|---|---|
| Plan Name | Actuarial Valuation Date | Accrued Benefit Obligation | Pension Fund Assets | Net Obligation | Unamortized Estimation Adjustments[1] | Pension Liabilities | Pension Liabilities |
| TSP[2] | Jun. 30/03 | $ 4,137,353 | $ 1,623,832 | $ 2,513,521 | $ (23,613) | $ 2,489,908 | $ 2,500,874 |
| PSSP | Dec. 31/02 | 1,578,853 | - | 1,578,853 | (129,103) | 1,449,750 | 1,394,593 |
| Others | Various | 244,589 | 157,483 | 87,106 | (3,608) | 83,498 | 80,698 |
| | | $ 5,960,795 | $ 1,781,315 | $ 4,179,480 | $ (156,324) | $ 4,023,156 | $ 3,976,165 |

[1] Amortized against the net obligation over 4 to 13 years, which is the estimated average remaining service life of active plan members at the time the estimation adjustment arises. The net estimation adjustment loss during the year totalled $353.0 million.
[2] The TSP accrued benefit obligation includes a liability of $43.0 million (2003 - $77.8 million) relating to the TSP disability provision.

At March 31, 2004, the market value of plan investments was $1.8 billion (2003 - $1.6 billion). Of this amount, 39.6 per cent (2003 - 43.5 per cent), was invested in fixed income securities and 53.7 per cent (2003 - 46.4 per cent) in equity investments.

The TSP's actual rate of return on plan assets was 21.3 per cent (2003 - (9.0) per cent).

### Defined contribution plans

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary.

The Government sponsors the Public Employees Pension Plan (PEPP), a multi-employer defined contribution plan. Employers are required to provide contributions at specific rates for employee current service. The General Revenue Fund has fully funded its share. The General Revenue Fund also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation.

# General Revenue Fund
# Notes to the Financial Statements

Information on the defined contribution plans to which the General Revenue Fund contributes follows:

| | 2004 | | | 2003 |
|---|---|---|---|---|
| | PEPP | STRP | Total | Total |
| Plan Status | open | n/a | n/a | n/a |
| Member contribution rate, percentage of salary | 5 - 6.35[1] | n/a | n/a | n/a |
| Employer contribution rate, percentage of salary | 6.35 | n/a | n/a | n/a |
| Number of active members, all employers | 29,324 | n/a | 29,324 | 29,215 |
| **General Revenue Fund participation:** | | | | |
| Number of active members | 14,554 | n/a | 14,554 | 14,510 |
| Number of inactive members | 7,758 | n/a | 7,758 | 7,303 |
| Member contributions (thousands of dollars) | $ 31,137 | n/a | $ 31,137 | $ 29,701 |
| Government contributions (thousands of dollars) | 31,873 | $ 30,729 | 62,602 | 58,087 |

[1] Contribution rate varies based on employee group.

**Pension expenditure**

Pensions are accounted for on a cash basis. The pension liabilities are not recorded in the financial statements.

| | (thousands of dollars) | |
|---|---|---|
| | 2004 | 2003 |
| Defined benefit plans | $ 170,343 | $ 157,163 |
| Defined contribution plans | 62,602 | 58,087 |
| | $ 232,945 | $ 215,250 |

## 8. Reserves

The accumulated deficit of $7,054.0 million consists of an unallocated deficit component of $7,065.9 million and the Environmental Protection Reserve of $11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

## 9. Debt Servicing Costs

| | (thousands of dollars) | |
|---|---|---|
| | 2004 | 2003 |
| Total interest costs | $ 890,317 | $ 909,226 |
| Interest reimbursed from Crown corporations and others | (296,506) | (314,282) |
| Net foreign exchange loss | 3,660 | 9,771 |
| Other costs | 5,231 | 6,679 |
| Total Debt Servicing Costs | $ 602,702 | $ 611,394 |

## 10. Operating Expenditure by Function and by Object

Operating expenditure by function is reported as follows:

| | (thousands of dollars) | |
|---|---|---|
| | 2004 | 2003 |
| Agriculture | $ 333,179 | $ 312,762 |
| Community development | 216,738 | 189,543 |
| Economic development | 102,919 | 101,007 |
| Education | 1,228,316 | 1,068,950 |
| Environment and natural resources | 164,652 | 169,116 |
| Health | 2,515,823 | 2,342,835 |
| Protection of persons and property | 272,464 | 263,996 |
| Social services and assistance | 680,745 | 681,073 |
| Transportation | 326,137 | 325,854 |
| Other | 324,740 | 307,315 |
| Total Operating Expenditure | $ 6,165,713 | $ 5,762,451 |

# General Revenue Fund
# Notes to the Financial Statements

Operating expenditure by object is reported as follows:

| | (thousands of dollars) | |
|---|---|---|
| | 2004 | 2003 |
| Personal services | $ 553,397 | $ 525,945 |
| Travel | 36,035 | 36,651 |
| Transfers: | | |
| Government entities | 2,237,307 | 2,075,265 |
| Other | 2,526,163 | 2,383,253 |
| Supplier payments | 519,160 | 530,716 |
| Other | 293,651 | 210,621 |
| Total Operating Expenditure | $ 6,165,713 | $ 5,762,451 |

## 11. Contingencies

### Guaranteed debt

Debt of $113.4 million (2003 - $184.1 million) is guaranteed by the Minister of Finance. See Schedule 9 for a list of guaranteed debt.

### Lawsuits

Up to $94.4 million may be paid, depending on the outcome of lawsuits in progress.

### Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

### Crop Insurance Liability

The Saskatchewan Crop Insurance Corporation administers the federal/provincial Crop Insurance Program. Premiums for the program are paid by the General Revenue Fund, the federal government and producers. A portion of the premiums is required to be paid to reinsurance funds established by the Province and the federal government. In certain circumstances, the reinsurance funds pay benefits to the Corporation.

In any year, where crop insurance indemnities exceed net premiums and any crop insurance fund balance, the shortfall is derived from one or both of the Crop Reinsurance Fund of Saskatchewan and the Crop Reinsurance Fund of Canada for Saskatchewan.

At March 31, 2004 the Crop Reinsurance Fund of Saskatchewan had a deficiency of $134.2 million (2003 - $82.3 million). Crop insurance premiums are actuarially set to cover indemnities over the long term. In the event that the deficiency in the Saskatchewan reinsurance fund cannot be recovered from future premiums, the General Revenue Fund is required to pay the deficiency.

## 12. Commitments

Major financial commitments include:

- treaty land entitlement agreement commitments valued at approximately $29.5 million over eight years; rural municipality and school division tax loss compensation of approximately $11.3 million as land achieves reserve status over the course of the agreements;
- research and development projects for agriculture technology and opportunities in the agri-food industry, $14.0 million over five years;
- Weyerhaeuser Canada Ltd. road maintenance and construction agreement, term indefinite, five year estimate $18.4 million;
- capital grant projects, over the next thirty years, $48.3 million;
- contracts for highway improvement, $45.3 million;
- computer service agreements, $25.0 million over five years;

# General Revenue Fund
# Notes to the Financial Statements

- projects to expand innovation and enhance the competitive ability of the Saskatchewan economy, $39.6 million over five years; and
- Saskatchewan Association of Rehabilitation Centres, for beverage container collection and recycling, $42.4 million over four years.

Included are commitments for agriculture $14.0 million, education $41.2 million, environment and natural resources $42.4 million, health $18.8 million, transportation $63.7 million, community development $40.8 million, economic development $39.6 million, social services and assistance $5.0 million and other $8.3 million.

## 13. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, agencies, boards, and commissions related to the General Revenue Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions include:

- payments to related parties of approximately $115.2 million (2003 - $113.8 million) to Saskatchewan Property Management Corporation and $15.6 million (2003 - $14.3 million) to Saskatchewan Telecommunications Holding Corporation;
- taxation and non-renewable resource revenue received from related parties during 2003-04 of approximately $69.6 million (2003 - $69.0 million). In addition, Saskatchewan Provincial Sales Tax and Fuel Tax are received from related parties on all taxable purchases.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements.

## 14. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the General Revenue Fund at March 31, 2004, were as follows:

| | (thousands of dollars) | |
|---|---|---|
| | 2004 | 2003 |
| Pension plans[1] | $ 6,062,152 | $ 5,414,208 |
| Public Guardian and Trustee of Saskatchewan | 136,396 | 121,788 |
| Other trusts | 20,346 | 41,418 |
| Total Trust Funds | $ 6,218,894 | $ 5,577,414 |

[1] The balance reflects the latest financial statements of the funds closest to March 31, 2004.

## 15. Comparative Figures

Certain of the 2003 figures have been reclassified to conform with the current year presentation. With regard to expenditures, the figures are reported on the same basis as the Estimates for the prior year.

## 16. Debt Reduction Account

This account was established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

| | (thousands of dollars) | |
|---|---|---|
| | Budget | Actual |
| Debt reduction account, beginning of year | $ 631,600 | $ 631,600 |
| Adjustment to debt reduction account, beginning of year | - | (46,087) |
| Reduction in accumulated deficit for the year | 134 | 983 |
| Debt Reduction Account, End of Year | $ 631,734 | $ 586,496 |

## 17. Adjustment to Accumulated Deficit

During the year, a change was made to the accounting treatment for transfers under the Net Income Stabilization Account (NISA) resulting in a $46.1 million reduction in agriculture expenditure and a corresponding increase in opening accumulated deficit.

# General Revenue Fund
# Schedules to the Financial Statements
For the Year Ended March 31, 2004

## Schedule 1 - Accounts Receivable

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Taxation | $ 179,967 | $ 155,021 |
| Non-renewable resources | 107,240 | 137,106 |
| Transfers from Government entities | 182,573 | 129,452 |
| Other own-source revenue | 58,816 | 57,189 |
| Transfers from the federal government | 50,384 | 58,609 |
| Other | 56,352 | 59,560 |
| | 635,332 | 596,937 |
| Provision for loss | (59,968) | (65,663) |
| **Total Accounts Receivable** | **$ 575,364** | $ 531,274 |

Accounts receivable include $185.3 million due from related parties (2003 - $132.1 million).

## Schedule 2 - Loans to Crown Corporations

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Short-term Loans** | | |
| Agricultural Credit Corporation of Saskatchewan | $ 9,100 | $ 10,100 |
| Education Infrastructure Financing Corporation | - | 20,840 |
| Information Services Corporation of Saskatchewan | 30,880 | 34,606 |
| Municipal Financing Corporation of Saskatchewan | - | 3,407 |
| Saskatchewan Crop Insurance Corporation | 77,000 | 63,000 |
| Saskatchewan Housing Corporation | - | 16,951 |
| Saskatchewan Opportunities Corporation | 26,968 | 15,800 |
| Saskatchewan Water Corporation | 13,378 | 10,451 |
| SaskEnergy Incorporated | 47,500 | 78,300 |
| **Total Short-term Loans** | 204,826 | 253,455 |

| | Principal Outstanding | Sinking Fund Equity | | |
|---|---|---|---|---|
| **Long-term Loans** | | | | |
| Agricultural Credit Corporation of Saskatchewan | $ - | $ - | - | 13,517 |
| Crown Investments Corporation of Saskatchewan | - | - | - | 15,476 |
| Education Infrastructure Financing Corporation | - | - | - | 17,384 |
| Information Services Corporation of Saskatchewan | 30,000 | - | 30,000 | 30,000 |
| Investment Saskatchewan Inc. | 20,919 | (5,675) | 15,244 | - |
| Municipal Financing Corporation of Saskatchewan | 14,391 | - | 14,391 | 9,391 |
| Saskatchewan Crop Insurance Corporation | 100,000 | - | 100,000 | 50,000 |
| Saskatchewan Housing Corporation | 83,004 | (3,055) | 79,949 | 80,718 |
| Saskatchewan Opportunities Corporation | 130,000 | (4,988) | 125,012 | 126,174 |
| Saskatchewan Power Corporation | 2,093,792 | (128,395) | 1,965,397 | 1,906,677 |
| Saskatchewan Property Management Corporation | 5,500 | (1,409) | 4,091 | 4,821 |
| Saskatchewan Telecommunications Holding Corporation | 412,521 | (36,135) | 376,386 | 416,831 |
| Saskatchewan Water Corporation | 44,201 | (4,347) | 39,854 | 39,044 |
| SaskEnergy Incorporated | 684,187 | (27,110) | 657,077 | 663,289 |
| **Total Long-term Loans** | **$ 3,618,515** | **$ (211,114)** | 3,407,401 | 3,373,322 |
| **Total Loans to Crown Corporations** | | | **$ 3,612,227** | $ 3,626,777 |

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 3 - Other Loans

(thousands of dollars)

| | 2004 | | 2003 | |
|---|---|---|---|---|
| **Agriculture, Food and Rural Revitalization** | | | | |
| Agricultural Credit Corporation of Saskatchewan | | $ 10,250 | | $ 10,250 |
| Short-term Hog Loans | $ 14,626 | | $ 12,168 | |
| Provision for Loss | (2,273) | 12,353 | (1,895) | 10,273 |
| **Finance** | | | | |
| Treasury Advances | | 1,205 | | 1,337 |
| **Industry and Resources** | | | | |
| Economic Development Loans | 20,083 | | 18,076 | |
| Provision for Loss | (6,420) | 13,663 | (5,205) | 12,871 |
| **Learning** | | | | |
| Saskatchewan Student Aid Fund | | 83,240 | | 86,240 |
| **Other** | | 767 | | 661 |
| **Total Other Loans** | | $ 121,478 | | $ 121,632 |

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 4 - Accounts Payable and Accrued Liabilities

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Personal services | $ 39,029 | $ 48,033 |
| Travel | 3,539 | 3,824 |
| Transfers | 217,708 | 300,269 |
| Supplier payments | 67,792 | 81,288 |
| Accrued interest | 167,297 | 161,446 |
| Transfers payable to the federal government | 120,557 | 22,518 |
| Other | 367,870 | 215,947 |
| **Total Accounts Payable and Accrued Liabilities** | $ 983,792 | $ 833,325 |

Total includes $107.0 million payable to related parties (2003 - $145.7 million) and $406.2 million payable to the federal government (2003 - $160.6 million).

## Schedule 5 - Deposits Held

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Deposits held on behalf of Government entities and others** | | |
| Agri-Food Innovation Fund | $ 3,986 | $ 5,203 |
| Cattle Marketing Deductions Fund | 4,519 | 5,140 |
| Extended Health Care Plans | 8,477 | 8,253 |
| Fiscal Stabilization Fund | 366,000 | 577,000 |
| Liquor and Gaming Authority | 39,181 | 17,932 |
| New Crops Insurance Program | 8,903 | 8,651 |
| Public Employees Dental Fund | 11,382 | 12,828 |
| Queen's Bench Court Accounts | 10,559 | 10,486 |
| Saskatchewan Agricultural Stabilization Fund | 13,097 | 13,738 |
| Saskatchewan Crop Insurance Corporation | 15,137 | 5,997 |
| Saskatchewan Student Aid Fund | 40,225 | 61,749 |
| School Division Tax Loss Compensation Fund | 6,130 | 4,326 |
| Teachers' Superannuation Commission | 3,973 | 4,259 |
| Transportation Partnership Fund | 4,160 | 5,104 |
| Other | 27,755 | 34,793 |
| **Conditional Receipts** | 7,314 | 4,525 |
| **Total Deposits Held** | $ 570,798 | $ 779,984 |

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 6 - Debt

(thousands of dollars)

| | 2004 | | | | 2003 |
|---|---|---|---|---|---|
| | Promissory Notes | Debentures | Sinking Funds[1] | Debt | Debt |
| **Crown Corporation Purposes** | | | | | |
| Agricultural Credit Corporation of Saskatchewan | $ 9,100 | $ - | $ - | $ 9,100 | $ 23,617 |
| Crown Investments Corporation of Saskatchewan | - | - | - | - | 15,476 |
| Education Infrastructure Financing Corporation | - | - | - | - | 38,224 |
| Information Services Corporation of Saskatchewan | 30,880 | 30,000 | - | 60,880 | 64,606 |
| Investment Saskatchewan Inc. | - | 20,919 | (5,675) | 15,244 | - |
| Municipal Financing Corporation of Saskatchewan | - | 14,391 | - | 14,391 | 12,798 |
| Saskatchewan Crop Insurance Corporation | 77,000 | 100,000 | - | 177,000 | 113,000 |
| Saskatchewan Housing Corporation | - | 83,004 | (3,055) | 79,949 | 97,669 |
| Saskatchewan Opportunities Corporation | 26,968 | 130,000 | (4,988) | 151,980 | 141,974 |
| Saskatchewan Power Corporation | - | 2,093,792 | (128,395) | 1,965,397 | 1,906,677 |
| Saskatchewan Property Management Corporation | - | 5,500 | (1,409) | 4,091 | 4,821 |
| Saskatchewan Telecommunications Holding Corporation | - | 412,521 | (36,135) | 376,386 | 416,831 |
| Saskatchewan Water Corporation | 13,378 | 44,201 | (4,347) | 53,232 | 49,495 |
| SaskEnergy Incorporated | 47,500 | 684,187 | (27,110) | 704,577 | 741,589 |
| **Total Crown Corporation Purposes** | 204,826 | 3,618,515 | (211,114) | 3,612,227 | 3,626,777 |
| **General Government Purposes** | 30,174 | 8,737,885 | (736,422) | 8,031,637 | 7,821,426 |
| **Debt[2]** | $ 235,000 | $ 12,356,400 | $ (947,536) | $ 11,643,864 | $ 11,448,203 |

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

[1] See Schedule 7 for information on sinking funds.

[2] See Schedule 8 for information on debt by maturity.

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 7 - Sinking Funds

(thousands of dollars)

| | 2003 | 2004 | | | | |
|---|---|---|---|---|---|---|
| | Sinking Funds | Contributions | Earnings | Redemptions | Currency Adjustment | Sinking Funds |
| **Crown Corporation Purposes** | | | | | | |
| Investment Saskatchewan Inc.[1] | $ 5,443 | $ - | $ 232 | $ - | $ - | $ 5,675 |
| Saskatchewan Housing Corporation | 2,286 | 585 | 184 | - | - | 3,055 |
| Saskatchewan Opportunities Corporation | 3,826 | 850 | 312 | - | - | 4,988 |
| Saskatchewan Power Corporation | 124,107 | 14,705 | 7,966 | (10,529) | (7,854) | 128,395 |
| Saskatchewan Property Management Corporation | 679 | 674 | 56 | - | - | 1,409 |
| Saskatchewan Telecommunications Holding Corporation | 34,211 | 2,952 | 2,156 | - | (3,184) | 36,135 |
| Saskatchewan Water Corporation | 3,771 | 302 | 274 | - | - | 4,347 |
| SaskEnergy Incorporated | 20,897 | 4,540 | 1,673 | - | - | 27,110 |
| **Total Crown Corporation Purposes** | 195,220 | 24,608 | 12,853 | (10,529) | (11,038) | 211,114 |
| **General Government Purposes** | 690,949 | 58,816 | 46,868 | (30,234) | (29,977) | 736,422 |
| **Total Sinking Funds** | $ 886,169 | $ 83,424 | $ 59,721 | $ (40,763) | $ (41,015) | $ 947,536 |

[1] Sinking fund transferred from Crown Investments Corporation of Saskatchewan, effective October 1, 2003.

The market value of sinking funds at March 31, 2004 is $1,010.8 million (2003 - $934.9 million).

Sinking fund earnings include gains on investment sales of $12.5 million (2003 - $22.3 million).

Annual contributions, when established by Order in Council, are set at not less than one per cent of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

( thousands of dollars)

| | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|---|---|---|---|---|---|---|
| Contributions - Canadian dollar debt | $ 71,566 | $ 62,929 | $ 59,929 | $ 57,929 | $ 57,630 | $ 309,983 |
| Contributions - U.S. dollar debt (CDN $) | 17,207 | 17,207 | 17,207 | 17,207 | 14,664 | 83,492 |
| Total Contributions | 88,773 | 80,136 | 77,136 | 75,136 | 72,294 | 393,475 |
| Recoverable from Crown corporations | (26,754) | (26,359) | (25,541) | (25,541) | (22,699) | (126,894) |
| **General Government Purposes** | $ 62,019 | $ 53,777 | $ 51,595 | $ 49,595 | $ 49,595 | $ 266,581 |

Sinking Fund assets are as follows:

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Long-term Investments | | |
| Government of Saskatchewan securities, coupon interest range, 4.9% to 10.3%; range of term to maturity, 4.0 to 29.4 years | $ 323,003 | $ 280,970 |
| Government of Canada securities, coupon interest range, 5.1% to 8.0%; range of term to maturity, 3.5 to 25.2 years | 36,643 | 110,008 |
| Other provincial governments' securities, coupon interest range, 4.8% to 9.5%; range of term to maturity, 5.7 to 35.3 years | 397,949 | 344,190 |
| Government of the United States securities, coupon interest range, 5.4% to 9.3%; range of term to maturity, 12.1 to 26.9 years | 54,996 | 44,664 |
| Cash, short term investments and accrued interest | 134,945 | 106,337 |
| **Total Sinking Funds** | $ 947,536 | $ 886,169 |

Short term investments include $16.0 million (2003 - $16.0 million) Province of Saskatchewan securities.

Cash, short term investments and accrued interest are disclosed net of $1.6 million in liabilities (2003 - $1.8 million).

Included in total sinking funds are U.S. dollar cash, investments and accrued interest converted to $359.8 million Canadian (2003 - $371.0 million) at the exchange rate in effect at March 31, 2004, 1.3105 (2003 - 1.4693).

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 8 - Debt by Maturity

(thousands of dollars)

| Year of Maturity | 2004 Canadian Dollar Debt | 2004 U. S. Dollar Debt (CDN $) | 2004 Total (CDN $) | 2004 Average Coupon Rate | 2003 Total (CDN $) | 2003 Average Coupon Rate |
|---|---|---|---|---|---|---|
| Short-term promissory notes | $ 235,000 | $ - | $ 235,000 | 2.07% | $ 397,500 | 2.87% |
| 2003-04 | - | - | - | - | 528,426 | 8.09% |
| 2004-05 | 1,313,976 | - | 1,313,976 | 8.99% | 1,316,200 | 8.99% |
| 2005-06 | 1,004,556 | - | 1,004,556 | 6.82% | 1,007,007 | 6.82% |
| 2006-07 | 1,245,223 | - | 1,245,223 | 6.22% | 1,246,288 | 6.22% |
| 2007-08 | 620,425 | 254,237 | 874,662 | 6.36% | 906,933 | 6.38% |
| 2008-09 | 729,227 | - | 729,227 | 5.51% | - | |
| **1 - 5 years** | 5,148,407 | 254,237 | 5,402,644 | | 5,402,354 | |
| 6-10 years | 3,088,416 | 429,397 | 3,517,813 | 7.05% | 3,181,845 | 7.26% |
| 11-15 years | 589,284 | - | 589,284 | 10.23% | 1,031,663 | 9.01% |
| 16-20 years | 458,259 | 1,048,400 | 1,506,659 | 8.71% | 1,593,510 | 8.81% |
| 21-25 years | 525,000 | - | 525,000 | 6.75% | 175,000 | 8.75% |
| 26-30 years | 1,000,000 | - | 1,000,000 | 6.13% | 900,000 | 6.15% |
| More than 30 years | 50,000 | - | 50,000 | 5.70% | 50,000 | 5.70% |
| | 10,859,366 | 1,732,034 | 12,591,400 | | 12,334,372 | |
| Sinking funds | (587,732) | (359,804) | (947,536) | | (886,169) | |
| **Debt** | $ 10,271,634 | $ 1,372,230 | $ 11,643,864 | | $ 11,448,203 | |

The average effective interest rate on debt during 2003-04 was 7.30% (2003 - 7.57%), and includes the impact of foreign exchange and the amortization of any premiums and discounts associated with the debentures.

The average term to maturity of debt outstanding at March 31, 2004 is 9.0 years (2003 - 8.4 years).

Debt includes Canada Pension Plan debentures of $1,081.6 million (2003 - $1,150.7 million). These debentures are callable in whole or in part before maturity, on 30 days prior notice, at the option of the Minister of Finance of Saskatchewan.

Total debt includes debentures of $440.0 million (2003 - $390.0 million) that provide the holder with a choice of dates on which the debt matures. The year of maturity in the above table reflects the earliest possible date of maturity rather than the maximum term to maturity.

**Sensitivity of Debt and Debt Servicing Costs**

U.S. dollar debentures have been converted to Canadian dollars at the exchange rate in effect at March 31, 2004 of 1.3105 (2003 - 1.4693), except for 194.0 million U.S. dollars converted at the cross currency swaption rate of 1.3690.

A one cent change in the value of the U.S. dollar compared to the Canadian dollar from the March 31, 2004 level would change debt charges by $1.2 million in 2004-05 and debt by $14.5 million.

Debt includes floating rate debt of $2,262.2 million (2003 - $1,650.8 million). Floating rate debt is defined as the sum of floating rate debentures, short-term promissory notes, fixed rate debt maturing within one year and Saskatchewan Savings Bonds. A one percentage point increase in interest rates would increase debt servicing costs by $17.7 million in 2004-05.

**Derivative Financial Instruments**

Cross Currency Swaps

The following foreign denominated items have been hedged to Canadian dollars using cross currency swaps:

- debentures totalling 10.0 billion yen (2003 - 12.5 billion) fully hedged to $130.8 million Canadian (2003 - $161.8 million);
- debentures totalling 781.0 million U.S. dollars (2003 - 750.0 million) fully hedged to $1,089.0 million Canadian (2003 - $1,037.0 million); and
- interest payments on debentures of 50.0 million U.S. dollars (2003 - 0) hedged to Canadian at an exchange rate of of 1.3010.

In total, cross currency swaps on a notional value of $1,415.7 million of debt (2003 - $1,360.7 million) existed at March 31, 2004. The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Cross Currency Swaptions

U.S. dollar debt includes 194.0 million U.S. dollars (2003 - 0) that may be converted to $265.6 million Canadian (2003 - $0) at the option of third parties. These options expire on July 15, 2004 and August 1, 2004.

Interest Rate Swaps

Interest rate swaps on a notional value of $843.1 million of debt (2003 - $843.1 million) existed at March 31, 2004.

Foreign Currency Forward Exchange Contracts

Forward purchase commitments to acquire, during 2004-05, $4.7 million U.S. dollars (2003 - $7.9) at a cost of $6.2 million Canadian (2003 - $11.9) were in place at March 31, 2004.

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 9 - Guaranteed Debt

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Crown Corporations** | | |
| The Power Corporation Act | | |
| Scotiabank | $ 4,713 | $ 7,837 |
| Luscar Ltd. | - | 21,785 |
| Saskatchewan Power savings bonds | | |
| Series I - series VII (matured) | 46 | 60 |
| The Saskatchewan Development Fund Act | | |
| Guaranteed investments | 880 | 1,014 |
| The Saskatchewan Telecommunications Act | | |
| Telebonds - series I (matured) | 154 | 157 |
| **Total Crown Corporations** | 5,793 | 30,853 |
| **Other** | | |
| The Farm Financial Stability Act | | |
| Breeder associations loan guarantees | 17,901 | 16,831 |
| Feeder associations loan guarantees | 11,219 | 10,431 |
| Agricultural Income Disaster Assistance Program | 24 | 36 |
| The Government Organization Act | | |
| The Saskatchewan Roughriders Football Club | - | 80 |
| The Housing and Special-care Homes Act | | |
| Senior citizens' housing | 57 | 76 |
| The Student Assistance and Student Aid Fund Act | 151 | 275 |
| The Industry and Commerce Development Act | | |
| Saskferco Products Inc. | 36,088 | 66,440 |
| The NewGrade Energy Inc. Act | | |
| NewGrade Energy Inc. | 42,175 | 59,045 |
| **Total Other** | 107,615 | 153,214 |
| **Total Guaranteed Debt** | $ 113,408 | $ 184,067 |

In addition to the amount shown, there is a contingent liability for interest accrued on certain of these items.
Total guaranteed debt is net of a loss provision of $1.5 million (2003 - $1.8 million).

See page 31 for additional information.

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 9 (continued) - Guaranteed Debt

**Scotiabank**

The government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

**Luscar Ltd.**

The Government guaranteed a $45 million promissory note issued by Luscar Ltd. to finance the purchase of a dragline from Saskatchewan Power Corporation. The amount recorded for 2003 is net of $23.2 million for Luscar Ltd's equity in a sinking fund administered by the Minister of Finance. Luscar Ltd. repaid its promissory note in May 2003, extinguishing the guarantee.

**Breeder and Feeder Associations**

The Government provides guarantees to lenders who make loans to production associations. The Government guarantees repayment of 25 per cent of the outstanding loan balance at the time of a first default on any advance, plus accrued interest as of the time that payment is to be made on the guarantee. Guarantees for each cattle association are limited to $6 million for the breeder or feeder option. Guarantees for each bison association are limited to $5 million for the feeder option. Guarantees for each sheep association are limited to $4 million for the breeder or feeder option.

**Saskferco Products Inc.**

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plaine. This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of $105.4 million (2003 - $123.1 million) for Saskferco's equity in a sinking fund.

**NewGrade Energy Inc. (NewGrade)**

The Government has guaranteed certain long-term debt of NewGrade to a maximum of $360 million. A significant portion of this guarantee relates to U.S. dollar denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar.

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 10 - Revenue

(thousands of dollars)

| | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|
| **Taxation** | | | |
| Corporation capital | $ 363,300 | $ 371,479 | $ 379,093 |
| Corporation income | 340,900 | 310,573 | 178,267 |
| Fuel | 350,400 | 356,773 | 331,512 |
| Individual income | 1,275,100 | 1,245,763 | 1,429,757 |
| Sales | 851,700 | 854,480 | 813,932 |
| Tobacco | 167,100 | 176,747 | 158,472 |
| Other | 73,600 | 81,881 | 77,067 |
| Total Taxes | 3,422,100 | 3,397,696 | 3,368,100 |
| **Non-renewable Resources** | | | |
| Natural gas | 119,100 | 210,455 | 152,728 |
| Oil | 490,100 | 774,488 | 862,318 |
| Potash | 165,900 | 120,179 | 175,061 |
| Other | 41,700 | 35,840 | 53,542 |
| Total Non-renewable Resources | 816,800 | 1,140,962 | 1,243,649 |
| **Transfers from Government Entities** | | | |
| Crown Investments Corporation of Saskatchewan | 200,000 | 200,000 | 300,000 |
| Liquor and Gaming Authority | 346,000 | 360,766 | 328,680 |
| Other enterprises and funds | 54,200 | 53,484 | 63,811 |
| Total Transfers from Government Entities | 600,200 | 614,250 | 692,491 |
| **Other Own-source Revenue** | | | |
| Fines, forfeits, and penalties | 12,900 | 10,534 | 13,589 |
| Interest, premium, discount, and exchange | 49,700 | 61,228 | 59,852 |
| Motor vehicle fees | 122,200 | 119,412 | 116,964 |
| Other licences and permits | 42,200 | 46,426 | 42,350 |
| Sales, services, and service fees | 77,500 | 91,960 | 72,268 |
| Transfers from other governments | 14,700 | 19,294 | 12,907 |
| Other | 15,000 | 23,684 | 33,715 |
| Total Other Own-source Revenue | 334,200 | 372,538 | 351,645 |
| **Total Own-Source Revenue** | 5,173,300 | 5,525,446 | 5,655,885 |
| **Transfers from the Federal Government** | | | |
| Canada Health and Social Transfer | 687,800 | 750,558 | 668,211 |
| Equalization | 172,300 | 41,284 | (9,215) |
| Other | 194,600 | 241,110 | 141,824 |
| **Total Transfers from the Federal Government** | 1,054,700 | 1,032,952 | 800,820 |
| **Total Revenue** | $ 6,228,000 | $ 6,558,398 | $ 6,456,705 |

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 11 - Loss on Loans and Investments

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Loans | $ 79,539 | $ 2,103 |
| Loss on sale of land | 246 | 159 |
| **Total Loss on Loans and Investments** | **$ 79,785** | $ 2,262 |

## Schedule 12 - Net Change in Non-cash Operating Activities

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Decrease (Increase) in prepaid expenditures | $ 1,036 | $ (126) |
| Increase in accounts receivable | (44,090) | (51,871) |
| Increase in deferred charges | (1,567) | (1,157) |
| Increase in accounts payable and accrued liabilities | 150,467 | 182,219 |
| Decrease in unearned revenue | (1,781) | (14,924) |
| **Net Change in Non-cash Operating Activities** | **$ 104,065** | $ 114,141 |

# General Revenue Fund
# Schedules to the Financial Statements

## Schedule 13 - Investing Activities

(thousands of dollars)

| | 2004 | | 2003 | |
|---|---|---|---|---|
| | Receipts | Disbursements | Receipts | Disbursements |
| **Loans** | | | | |
| Agricultural Credit Corporation of Saskatchewan | $ 14,517 | $ - | $ 20,434 | $ 4,700 |
| Crown Investments Corporation of Saskatchewan | - | - | 154,108 | - |
| Education Infrastructure Financing Corporation | - | 39,674 | - | 38,224 |
| Information Services Corporation of Saskatchewan | 3,726 | - | - | 10,270 |
| Municipal Financing Corporation of Saskatchewan | 3,407 | 5,000 | 15,184 | 3,407 |
| Saskatchewan Crop Insurance Corporation | - | 64,000 | - | 113,000 |
| Saskatchewan Housing Corporation | 16,951 | - | 56,955 | 16,951 |
| Saskatchewan Opportunities Corporation | - | 11,168 | 19,401 | - |
| Saskatchewan Power Corporation | 140,935 | 300,000 | - | 100,000 |
| Saskatchewan Telecommunications Holding Corporation | 22,641 | - | - | - |
| Saskatchewan Water Corporation | 714 | 5,027 | 669 | 11,693 |
| SaskEnergy Incorporated | 30,799 | - | 91,300 | 50,000 |
| Other | 73,279 | 74,766 | 58,860 | 81,273 |
| **Total Loan Receipts and Disbursements** | 306,969 | 499,635 | 416,911 | 429,518 |
| **Sinking Funds** | | | | |
| Contributions | 24,608 | 83,424 | 24,459 | 81,925 |
| Debt redemption funded from sinking funds | 30,234 | - | - | - |
| **Total Sinking Fund Receipts and Disbursements** | 54,842 | 83,424 | 24,459 | 81,925 |
| **Other** | | | | |
| Equity Investment in Crown Investments Corporation of Saskatchewan | - | - | 61,300 | - |
| Other | 1,635 | 7 | 1,258 | 7 |
| **Total Other Receipts and Disbursements** | 1,635 | 7 | 62,558 | 7 |
| **Total Receipts and Disbursements** | 363,446 | $ 583,066 | 503,928 | $ 511,450 |
| **Net Disbursements** | $ (219,620) | | $ (7,522) | |

# Fiscal Stabilization Fund
# (unaudited)

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# Fiscal Stabilization Fund
## Schedule of Transfers and Accumulated Balance
For the Year Ended March 31, 2004
(unaudited)

(thousands of dollars)

| | Budget 2004 | **Actual 2004** | Actual 2003 |
|---|---|---|---|
| Balance, beginning of year | $ 577,000 | **$ 577,000** | $ 495,000 |
| Transfer (to) from the General Revenue Fund | (392,700) | **(211,000)** | 82,000 |
| **Balance, End of Year** | $ 184,300 | **$ 366,000** | $ 577,000 |

The Fiscal Stabilization Fund (Fund) was established April 1, 2000, by *The Fiscal Stabilization Fund Act*. Its purpose is to stabilize the fiscal position of the Government to facilitate long-term planning.

Stabilization occurs through transfers between the Fund and the General Revenue Fund (GRF), as approved from time to time by Treasury Board.

Transfers to the Fund from the GRF are statutory disbursements.

Amounts transferred to the GRF from the Fund are available for expenditure subsequent to receiving required approval from the Legislative Assembly.

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# Summary Financial Statements

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## Government of Saskatchewan
## Responsibility for Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations, agencies, and other funds to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. His report states the scope of his audit and opinion and appears on the following page.

Treasury Board approves the Summary Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.

Harry Van Mulligen
Minister of Finance

Ron Styles
Deputy Minister of Finance

Terry Paton
Provincial Comptroller

Regina, Saskatchewan
June 2004

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## Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the summary statement of financial assets, liabilities, and accumulated deficit of the Government of Saskatchewan as at March 31, 2004 and the summary statements of revenue, expenditure, and accumulated deficit and cash flow for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these summary financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments.

Regina, Saskatchewan
June 9, 2004

Fred Wendel, CMA, CA
Provincial Auditor

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# Government of Saskatchewan
## Summary Statement of Financial Assets, Liabilities, and Accumulated Deficit
As at March 31, 2004

(thousands of dollars)

| Schedule | | 2004 | 2003 |
|---|---|---|---|
| | **Financial Assets** | | |
| | Cash and temporary investments (note 2) | $ 842,334 | $ 604,992 |
| | Prepaid expenditures | 21,585 | 21,465 |
| 1 | Accounts receivable | 850,000 | 845,649 |
| | Inventories held for resale | 2,173 | 3,273 |
| | Land held for resale (note 3) | 117,014 | 119,166 |
| | Deferred charges | 61,502 | 62,154 |
| 2 | Loans and mortgages receivable | 147,491 | 129,642 |
| 3 | Investment in government business enterprises | 2,425,625 | 2,193,579 |
| 4 | Other investments | 712,475 | 722,205 |
| | **Total Financial Assets** | 5,180,199 | 4,702,125 |
| | **Liabilities** | | |
| 5 | Accounts payable and accrued liabilities | 1,351,921 | 1,271,462 |
| 6 | Other liabilities | 180,983 | 154,424 |
| 7 | Unearned revenue | 216,966 | 215,077 |
| 8,9&10 | Public debt (note 6) | $ 8,723,735 / $ 8,505,573 | |
| | Unamortized foreign exchange loss | (50,030) / (136,689) | |
| | | 8,673,705 | 8,368,884 |
| | Pension liabilities (note 7a) | 4,052,656 | 3,976,165 |
| | **Total Liabilities** | 14,476,231 | 13,986,012 |
| | **Accumulated Deficit** | $ (9,296,032) | $ (9,283,887) |

(See accompanying notes)

Tangible capital assets (note 4)
Contingencies and commitments (notes 12 and 13)
11 Guaranteed debt (note 12)

# Government of Saskatchewan
# Summary Statement of Revenue, Expenditure, and Accumulated Deficit
For the Year Ended March 31, 2004

(thousands of dollars)

| Schedule | | 2004 | 2003 |
|---|---|---|---|
| **Revenue** | | | |
| 12 | Taxation | $ 3,398,834 | $ 3,369,241 |
| 12 | Non-renewable resources | 1,140,962 | 1,243,649 |
| 12 | Other own-source revenue | 1,057,727 | 996,337 |
| 12 | Transfers from the federal government | 1,268,975 | 1,413,854 |
| **Total Revenue** | | 6,866,498 | 7,023,081 |
| **Expenditure** | | | |
| | Agriculture | 673,826 | 1,328,542 |
| | Community development | 255,424 | 236,309 |
| | Debt charges (note 9) | 927,833 | 894,389 |
| | Economic development | 133,159 | 108,516 |
| | Education | 1,052,946 | 988,977 |
| | Environment and natural resources | 189,312 | 242,475 |
| | Health | 2,730,134 | 2,557,994 |
| | Protection of persons and property | 309,764 | 302,556 |
| | Social services and assistance | 785,798 | 794,159 |
| | Transportation | 329,185 | 328,400 |
| | Other | 359,978 | 347,173 |
| **Total Expenditure (note 10)** | | 7,747,359 | 8,129,490 |
| | Deficit from government service organizations | (880,861) | (1,106,409) |
| 3 | Income from government business enterprises | 734,016 | 452,755 |
| **Deficit** | | (146,845) | (653,654) |
| Accumulated deficit, beginning of year | | (9,283,887) | (8,708,064) |
| Adjustment to accumulated deficit (note 15) | | 134,700 | 77,831 |
| **Accumulated Deficit, End of Year (note 8)** | | $ (9,296,032) | $ (9,283,887) |

(See accompanying notes)

# Government of Saskatchewan
# Summary Statement of Cash Flow
For the Year Ended March 31, 2004

(thousands of dollars)

| Schedule | | 2004 | 2003 |
|---|---|---|---|
| | **Operating Activities** | | |
| | Deficit | $ (146,845) | $ (653,654) |
| | Add (deduct) non-cash items | | |
| 3 | Income from government business enterprises | (734,016) | (452,755) |
| | Amortization of foreign exchange loss | 3,660 | 9,771 |
| 13 | Net gain on other investments | (10,574) | (10,725) |
| 2 | Addition to (reduction of) provision for loss on loans and mortgages | 15,515 | (995) |
| | Dividends received from other investments | 9,736 | 1,281 |
| 3 | Dividends received from government business enterprises | 682,757 | 506,922 |
| 14 | Net change in non-cash operating activities | 79,629 | 91,458 |
| | Adjustment to accumulated deficit (note 15) | (46,087) | - |
| | **Cash Used for Operating Activities** | (146,225) | (508,697) |
| | **Investing Activities** | | |
| | Disposal of land held for resale | 2,152 | 5,065 |
| 2 | Net increase in loans and mortgages receivable | (33,363) | (13,221) |
| | Acquisition of other investments | (102,087) | (63,933) |
| | Disposition of other investments | 112,655 | 66,710 |
| | **Cash Used for Investing Activities** | (20,643) | (5,379) |
| | **Financing Activities** | | |
| | Proceeds from public debt | 721,912 | 703,475 |
| | Repayment of public debt | (420,752) | (284,475) |
| | Increase in other liabilities | 26,559 | 3,060 |
| | Increase in pension liabilities | 76,491 | 23,682 |
| | **Cash Provided by Financing Activities** | 404,210 | 445,742 |
| | **Increase (Decrease) in cash and temporary investments** | 237,342 | (68,334) |
| | Cash and temporary investments, beginning of year | 604,992 | 673,326 |
| | **Cash and Temporary Investments, End of Year** | $ 842,334 | $ 604,992 |

(See accompanying notes)

# Government of Saskatchewan
# Notes to the Summary Financial Statements
For the Year Ended March 31, 2004

## 1. Significant Accounting Policies

These Summary financial statements are prepared in accordance with generally accepted accounting principles for senior governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below.

### a) Reporting entity

The financial statements report the financial activities of organizations controlled by the Government.

Trusts administered by the Government are excluded from the reporting entity.

A listing of government organizations included in the reporting entity is provided in schedule 15. Unless otherwise noted, the financial activities of all subsidiaries of these organizations have also been included.

### b) Method of consolidation

The financial statements of all government organizations, except those designated as government business enterprises, are consolidated after adjustment to a basis consistent with the accounting policies described in note 1(c). These organizations are referred to as government service organizations. Significant inter-organization balances and transactions are eliminated.

Government business enterprises are defined as self-sufficient organizations that have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity.

Government business enterprises are accounted for by the modified equity method. Using this method, the Government's investment in government business enterprises, which is initially recorded at cost, is adjusted annually to include the net earnings or losses and certain other net equity changes of the enterprise without adjustment to conform with the accounting policies described in note 1(c). With the exception of dividends declared by March 31, inter-organization balances and transactions are not eliminated.

Financial results of government organizations whose fiscal year-ends are other than March 31 are adjusted for transactions having a significant impact on the financial position or operating results of the government reporting entity.

### c) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

#### Revenue

Revenues are recorded on the accrual basis except for receipts from the federal government for corporate and personal income taxes, which are recorded on the cash basis. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

#### Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies acquired during the year. Government transfers are recognized as expenditures in the period during which the transfer is authorized and any eligibility criteria are met.

#### Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

***Temporary investments*** are recorded at cost which approximates market value.

***Inventories held for resale*** are recorded at the lower of cost and net realizable value. ***Inventories of supplies*** are recorded as an expenditure in the period acquired.

***Land held for resale*** is valued at the lower of cost or net realizable value, on an aggregate basis.

***Deferred charges*** include issue costs and net discounts or premiums incurred on the issue of public debt. They are recorded at cost and amortized on a straight-line basis over the remaining life of the debt issue.

# Government of Saskatchewan
# Notes to the Summary Financial Statements

***Loans and mortgages receivable*** are initially recorded at cost. Where there has been a loss in value that is other than a temporary decline, the loan or mortgage is written down to recognize the loss. Interest is recognized on the accrual basis except where collection is uncertain. Interest is then recorded on the cash basis.

***Other investments*** consist of: equity investments; portfolio investments; bonds, debentures and other advances; and property holdings. These investments are accounted for by various methods as described below and are written down to their fair value when there is evidence of a permanent decline in value.

*Equity investments* exist when the Government holds shares of private or public companies and exercises significant influence but has less than a controlling interest or when the Government has shared control, as in government business partnerships. These investments are accounted for by the modified equity method. Using this method, the Government's investment, which is initially recorded at cost, is adjusted annually for the Government's share of the investee's net earnings or losses and is reduced by dividends and partnership distributions received from these investments.

*Government business partnerships* are equity investments where there is a contractual arrangement between the Government and one or more partners outside the reporting entity and where these partners share, on an equitable basis, the significant risks and benefits associated with operating the partnership. These partnerships are self-sufficient organizations that have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity. Government business partnerships are recorded using the modified equity method.

*Portfolio investments* exist when the Government holds shares of private or public companies and does not exercise significant influence. Portfolio investments are recorded at cost, and dividends from these shares are recorded as income when receivable.

*Bonds, debentures and other advances and Property holdings* are recorded at amortized cost.

***Tangible capital assets*** held by government service organizations are recorded as an expenditure in the period acquired. Capital assets held by government business enterprises, as disclosed in schedule 3, are generally recorded at cost and amortized on a straight-line basis over the estimated productive life of each asset.

### Liabilities

Liabilities include obligations to individuals and organizations outside the government reporting entity as a result of transactions and events occurring prior to year-end. They consist of: financial obligations to provide authorized transfers, where any eligibility criteria have been met, to repay borrowings and to pay for goods and services acquired prior to year-end; and obligations to deliver goods or services in the future, where payment has been received.

***Unearned revenue*** is revenue that will be earned in a subsequent fiscal year and includes restricted funding from the federal government and other organizations.

***Public debt*** consists of debt of government service organizations recorded net of amounts issued on behalf of and reimbursable from government business enterprises. Total public debt, as disclosed in schedules 8 and 10, includes public debt and the debt of government business enterprises.

Public debt is recorded at par. Premiums, discounts and issue costs are recorded as deferred charges and are amortized on a straight-line basis over the remaining life of the debt issue.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. Premiums and discounts on long-term investments within these sinking funds are amortized by the type of security on a constant yield basis.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

***Unamortized foreign exchange loss*** includes unrealized foreign exchange gains and losses resulting from the conversion of debentures due and sinking funds held in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. Realized foreign exchange gains and losses are included in the surplus or deficit. Unrealized foreign exchange gains and losses are amortized on a straight-line basis over the remaining life of the debt issue.

***Pension liabilities*** are calculated using the projected benefit method prorated on services. Pension fund assets are valued at market related values. Changes in the pension liabilities as a result of estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Gains or losses as a result of plan amendments are recognized in the period of the plan amendment.

***Guaranteed debt*** includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

# Government of Saskatchewan
# Notes to the Summary Financial Statements

## 2. Cash and Temporary Investments

Temporary investments are generally for less than 30 days and have an average effective interest rate of 2.25 per cent.

## 3. Land Held for Resale

The estimated net realizable value of the Government's land held for resale at March 31, 2004 is $214.1 million (2003 - $211.5 million).

## 4. Tangible Capital Assets

The Government has a significant investment in tangible capital assets that have a useful life of greater than one year. These assets are a key component in the delivery of government programs and provide on-going value to the public.

The Government's tangible capital assets held by government service organizations are recorded as an expenditure in the period acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. In the current year, government service organizations acquired tangible capital assets in the amount of $303.9 million (2003 restated - $318.1 million).

The following table discloses the tangible capital assets held by government service organizations and does not include assets acquired by right or heritage assets. All recorded assets are disclosed at cost and are generally amortized on a straight-line basis over the estimated useful life of the asset.

(thousands of dollars)

| | 2004 | | | | | | | 2003 |
|---|---|---|---|---|---|---|---|---|
| | Land & Improvements | Infrastructure | Buildings & Improvements | Machinery & Equipment | Transportation Equipment | Office & Information Technology | Total | Total (Restated[2]) |
| *Estimated useful life* | *5 years-Indefinite* | *3-60 years* | *3-50 years* | *2-33 years* | *2-40 years* | *2-20 years* | | |
| Opening cost | $ 196,501 | $ 3,096,368 | $ 2,382,809 | $ 705,956 | $ 151,678 | $ 290,321 | $ 6,823,633 | $ 6,598,540 |
| Additions | 6,721 | 137,364 | 81,435 | 37,028 | 8,373 | 32,977 | 303,898 | 318,131 |
| Write-downs | - | - | - | (365) | - | (144) | (509) | (10,447) |
| Disposals | (381) | (42,615) | (12,679) | (8,609) | (7,576) | (3,972) | (75,832) | (82,591) |
| Closing cost[1] | 202,841 | 3,191,117 | 2,451,565 | 734,010 | 152,475 | 319,182 | 7,051,190 | 6,823,633 |
| Opening accumulated amortization | 11,900 | 1,392,352 | 892,991 | 519,274 | 76,116 | 155,606 | 3,048,239 | 2,867,228 |
| Annual amortization | 1,173 | 90,430 | 81,708 | 32,437 | 7,472 | 36,470 | 249,690 | 259,553 |
| Write-downs | - | - | - | (365) | - | (144) | (509) | (5,790) |
| Disposals | (46) | (42,307) | (10,378) | (6,312) | (5,580) | (3,686) | (68,309) | (72,752) |
| Closing accumulated amortization | 13,027 | 1,440,475 | 964,321 | 545,034 | 78,008 | 188,246 | 3,229,111 | 3,048,239 |
| Net Book Value of Tangible Capital Assets | $ 189,814 | $ 1,750,642 | $ 1,487,244 | $ 188,976 | $ 74,467 | $ 130,936 | $ 3,822,079 | $ 3,775,394 |

[1] Closing cost includes work-in-progress of $45.0 million (2003 - $42.9 million) of which $31.0 million (2003 - $36.8 million) relates to the construction of buildings and improvements.

[2] During the year, the Government revised certain policies for disclosing tangible capital assets. As well, certain tangible capital assets have been revalued and others disclosed for the first time. The changes have been implemented retroactively, resulting in a $40.6 million increase to the net book value at March 31, 2003.

## 5. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of pension obligations, non-renewable resources royalties, site restoration obligations, accident claims obligations and the federal government's Equalization and Canada Health and Social Transfer payments. It also exists in the valuation of loans where repayment is contingent upon an organization's cash flows. The uncertainty arises from factors such as the effect on accrued pension obligations of actual experience compared to actuarial estimations and assumptions; the effect on accrued royalties of price and production sensitivities in the royalty structures; the effect on site restoration obligations of actual experience compared to historical estimations and assumptions; the effect on accrued accident

# Government of Saskatchewan
# Notes to the Summary Financial Statements

claims obligations of actual experience compared to actuarial estimations and assumptions; the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country; and the effect of commodity prices on cash flows. Management considers that it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized.

## 6. Risk Management of Public Debt

The Government borrows funds in both domestic and foreign capital markets by issuing Government of Saskatchewan securities. As a result of these transactions, the Government is exposed to four types of risk: interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, the Government maintains a preference for fixed rate Canadian dollar denominated debt. Where market conditions dictate that other forms of debt are more attractive, the Government seeks opportunities to use derivative financial instruments to reduce these risks. A derivative financial instrument is a contract whose value is based on the value of another asset or index.

***Interest rate risk*** is the risk that the Government's debt charges will increase due to changes in interest rates. This risk is managed by issuing debt securities at predominantly fixed rates of interest rather than at floating rates of interest. The Government seeks opportunities to effectively convert floating rate debt into fixed rate debt through the use of interest rate swaps. At March 31, 2004, 82.0 per cent (2003 - 86.5 per cent) of the Government's gross public debt effectively carried a rate of interest that was fixed for greater than a one-year period.

***Foreign exchange rate risk*** is the risk that the Government's debt charges will increase due to a decline in the value of the Canadian dollar relative to other currencies. This risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, the Government seeks opportunities to effectively convert it into Canadian dollar debt through the use of cross currency swaps. At March 31, 2004, 90.3 per cent (2003 - 83.3 per cent) of the Government's gross public debt is effectively denominated in Canadian dollars.

***Credit risk*** is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. This risk is managed by dealing only with counterparties with good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2004, 100 per cent (2003 - 100 per cent) of the Government's counterparties held a Standard and Poor's credit rating of A or better.

***Liquidity risk*** is the risk that the Government will not be able to meet its financial commitments over the short-term. This risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

Schedule 10 provides more detailed information on the Government's use of derivative financial instruments.

## 7. Retirement Benefits

The Government sponsors several defined benefit and defined contribution pension plans. The Government also participates in a joint defined benefit pension plan.

### a) Pension Liabilities

***Defined benefit pension plans*** provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a four year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

**Joint defined benefit plans** are governed by a formal agreement between the joint sponsors (i.e., employer and plan members), which establishes that the joint sponsors have shared control over the plan. Funding contributions are shared mutually between the employer and plan members. The sponsors share on an equitable basis, the significant risks of each plan. Accordingly, in a joint

# Government of Saskatchewan
# Notes to the Summary Financial Statements

defined benefit plan, the Government accounts for only its portion of the plan. Plan assets and surpluses are restricted for member benefits or certain other purposes set out in the agreement. Plan benefits are determined on the same basis as defined benefit plans.

Pension fund assets are valued at market related values based on actual market values adjusted by averaging recognition of realized and unrealized gains and losses on plan investments over a four year period.

***Defined contribution pension plans*** provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government provides contributions at specified rates for employee current service.

Pension fund assets of government sponsored defined benefit and defined contribution plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

### l) Government Service Organizations

### i) Defined benefit plans and joint defined benefit plan

The two main defined benefit plans of government service organizations are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

The TSP provides inflation protection equal to 80 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP and the former Members of the Legislative Assembly Superannuation Fund, for which member contributions are received and pension obligations are paid directly by the Government.

The Government also participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of its twelve Regional Health Authorities. The Government contributes to the plan at the ratio of 1.12 to 1 of employee contributions. Any actuarially determined deficiency is the responsibility of participating employers and employees in the ratio of 1.12 to 1.

Information on the defined benefit plans of government service organizations and the joint defined benefit plan follows:

| | 2004 | | | | | 200 |
|---|---|---|---|---|---|---|
| | TSP | PSSP | Others | SHEPP | Total | Tot |
| Plan Status | closed | closed | closed[1] | open | n/a | n/a |
| Member contribution rate, percentage of salary | 7.85 | 7 - 9[2] | 5 - 9[2] | 4.5 - 6[2] | n/a | n/a |
| Number of active members | 4,424 | 1,755 | 73 | 28,737 | 34,989 | 36,00 |
| Average age of active members, years | 51.9 | 53 | 59 | 44.1 | 45.5 | 45. |
| Former members entitled to deferred pension benefits | 5,867 | 136 | 10 | 1,209 | 7,222 | 8,02 |
| Number of superannuates and surviving spouses | 10,008 | 5,782 | 2,197 | 7,155 | 25,142 | 24,64 |
| Member contributions (thousands of dollars) | $ 18,481 | $ 6,063 | $ 335 | $ 41,437 | $ 66,316 | $ 61,68 |
| Government contributions (thousands of dollars)[3] | 73,188 | - | 2,550 | 43,160 | 118,898 | 104,84 |
| Benefits paid (thousands of dollars) | 249,364 | 98,318 | 6,954 | 64,852 | 419,488 | 398,13 |

[1] Judges is open to new membership, all other plans are closed.
[2] Contribution rate varies based on age upon joining the plan.
[3] The Government's participating employer contributions for SHEPP represents approximately 93% of the total employer contributions to the plan.

The assumptions used to determine the actuarial value of the accrued benefit obligation and pension fund assets for TSP, PSSP and SHEPP are as follows:

| | TSP | PSSP | SHEPP |
|---|---|---|---|
| Rate of compensation increase | 3.50% | 4.00% | 6.00%[1] |
| Expected long-term rate of return on plan assets | 7.00% | n/a | 6.75% |
| Discount rate | 7.00% | 6.25% | 6.75% |
| Inflation rate | 3.00% | 3.00% | 3.25% |

[1] The rate of compensation increase is 6% for 2003 to 2005, and 4.25% per year thereafter.

# Government of Saskatchewan
# Notes to the Summary Financial Statements

The following table shows information based on the latest actuarial valuation extrapolated to March 31, 2004 for defined benefit plans and December 31, 2003 for the joint defined benefit plan:

(thousands of dollars)

| | 2004 | | | | | | 2003 |
|---|---|---|---|---|---|---|---|
| Plan Name | Actuarial Valuation Date | Accrued Benefit Obligation | Pension Fund Assets | Net Obligation | Unamortized Estimation Adjustments[1] | Pension Liabilities | Pension Liabilities |
| TSP[2] | Jun. 30/03 | $ 4,137,353 | $ 1,623,832 | $ 2,513,521 | $ (23,613) | $ 2,489,908 | $ 2,500,874 |
| PSSP | Dec. 31/02 | 1,578,853 | - | 1,578,853 | (129,103) | 1,449,750 | 1,394,593 |
| Others | Various | 244,589 | 157,483 | 87,106 | (3,608) | 83,498 | 80,698 |
| | | $ 5,960,795 | $ 1,781,315 | $ 4,179,480 | $ (156,324) | 4,023,156 | 3,976,165 |
| SHEPP[3] | Dec. 31/02 | | | | | 29,500 | - |
| | | | | | | $ 4,052,656 | $ 3,976,165 |

[1] Amortized to income over 4 to 13 years, the estimated average remaining service life of active plan members at the time the estimation adjustment arises. The net estimation adjustment loss during the year is $353.0 million

[2] The TSP accrued benefit obligation includes a liability of $43.0 million (2003 - $77.8 million) relating to the TSP disability provision. The TSP's actual rate of return on plan assets was 21.3 per cent (2003 - (9.0) per cent).

[3] The table only reports the Government's employer portion of the pension liability. At December 31, 2003, SHEPP has a total accrued benefit obligation of $2.042 billion and pension fund assets of $1.890 billion at market related values and an unamortized estimation adjustment loss of $91.9 million. In 2003, the accrued benefit obligation of $1.8 billion approximated the market related value of the of the pension fund assets

At March 31, 2004, the market value of defined benefit plan investments was $1.8 billion (2003 - $1.6 billion) and the market value of the joint defined benefit plan investments was 2.0 billion (2003 – 1.7 billion). Of these amounts, 38.4 per cent (2003 - 43.5 per cent) was invested in fixed income securities and 57.8 per cent (2003 - 46.4 per cent) in equity investments.

### ii) Defined contribution plans

The two main multi-employer defined contribution plans sponsored by the Government are the Public Employees Pension Plan (PEPP) and the Capital Pension Plan (Capital). The Government provides contributions to the plans at specified rates for employee current service. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation and to the Regina Civic Employees Superannuation and Benefit Plan (RCESP)[2]. The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution plans of government service organizations follows:

| | 2004 | | | | | 2003 |
|---|---|---|---|---|---|---|
| | Government Sponsored | | | | | |
| | PEPP | Capital | RCESP[2] | STRP | Total | Total |
| Plan Status | open | open | open | n/a | n/a | n/a |
| Member contribution rate, percentage of salary | 5 - 6.35[1] | 5 - 5.5[1] | 6.3 - 7.9[1] | n/a | n/a | n/a |
| Government contribution rate, percentage of salary | 6.35 | 5.5 - 6[1] | 6.3 - 7.9[1] | n/a | n/a | n/a |
| **Government Service Organization participation:** | | | | | | |
| Number of active members | 20,249 | 599 | 1,525 | n/a | 22,373 | 22,489 |
| Number of inactive members | 10,290 | 16 | 115 | n/a | 10,421 | 9,677 |
| Member contributions (thousands of dollars) | $ 41,412 | $ 1,677 | $ 5,337 | n/a | $ 48,426 | $ 45,332 |
| Government contributions (thousands of dollars) | 42,311 | 1,775 | $ 5,337 | $ 30,729 | 80,152 | 73,785 |

[1] Contribution rate varies based on employee group.

[2] Certain employees of a regional health authority participate in the RCESP, a multi-employer defined benefit pension plan established through a City bylaw. All costs, including costs of any actuarially determined deficiency, are equally shared by the employees and employers. At December 31, 2003, audited financial statements for the plan reported a benefit obligation of $638.8 million (2002 - $600 million) and assets at market value of $585.5 million (2002 - $516 million).

# Government of Saskatchewan
# Notes to the Summary Financial Statements

### iii) Pension expenditure

Pension expenditure for government service organizations is allocated to education expenditure, health expenditure and other expenditure. Pension interest expenditure is included in debt charges. The total pension expenditure of government service organizations includes the following:

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Defined benefit plans:** | | |
| Current period benefit cost | $ 77,188 | $ 88,478 |
| Amortization of estimation adjustments | (93,148) | (116,169) |
| | (15,960) | (27,691) |
| Employee contributions | (24,879) | (27,655) |
| | (40,839) | (55,346) |
| Cost of financing unfunded pension obligation (pension interest expenditure) | 258,173 | 236,191 |
| Total pension expenditure, defined benefit plans | 217,334 | 180,845 |
| **Other plans:** | | |
| Total pension expenditure, joint defined benefit plan | 72,660 | 35,507 |
| Total pension expenditure, defined contribution plans | 80,152 | 73,785 |
| Total Pension Expenditure | $ 370,146 | $ 290,137 |

### II) Government Business Enterprises

### i) Defined benefit plans

The two main defined benefit plans of government business enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Pension Plan (SaskTel). Other plans include Saskatchewan Government Insurance Superannuation Plan, Liquor Board Superannuation Plan, and the Workers' Compensation Board Superannuation Plan.

The Government contributes the amount necessary to fund the payment of pension benefits.

Information on the defined benefit plans of government business enterprises follows:

| | 2004 | | | | 2003 |
|---|---|---|---|---|---|
| | SaskPower | SaskTel | Others | Total | Total |
| Plan status | closed | closed | closed | n/a | n/a |
| Member contribution rate, percentage of salary | 6 - 9[1] | 7 - 9[2] | 6.5 - 9[2] | n/a | n/a |
| Number of active members | 592 | 753 | 146 | 1,491 | 1,534 |
| Number of former members, superannuates and surviving spouses | 1,743 | 1,602 | 469 | 3,814 | 3,828 |
| Member contributions (thousands of dollars) | $ 1,781 | $ 2,565 | $ 412 | $ 4,758 | $ 5,004 |
| Government contributions (thousands of dollars) | 498 | 7,038 | 2,079 | 9,615 | 2,868 |
| Benefits paid (thousands of dollars) | 39,451 | 43,165 | 7,393 | 90,009 | 89,756 |

[1] Contribution rate varies based on age upon joining the plan and employee group.
[2] Contribution rate varies based on age upon joining the plan.

The assumptions used to determine the amounts under the defined benefit plans are as follows:

| | |
|---|---|
| Rate of compensation increase | 2.20% - 4.50% |
| Expected long-term rate of return on plan assets | 6.25% - 7.25% |
| Discount rate | 6.10% - 6.25% |
| Inflation rate | 2.20% - 3.00% |

# Government of Saskatchewan
# Notes to the Summary Financial Statements

Based on the latest actuarial valuations extrapolated to December 31, 2003 the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

(thousands of dollars)

| | | 2004 | | | | 2003 |
|---|---|---|---|---|---|---|
| Plan Name | Actuarial Valuation Date | Accrued Benefit Obligation | Fair Value of Assets | Plan Deficit | Unamortized Amounts* | Pension (Surplus) Liabilities | Pension (Surplus) Liabilities |
| SaskPower | Sept. 30/03 | $ 701,410 | $ 648,319 | $ 53,091 | $ 70,954 | $ (17,863) | $ (21,362) |
| SaskTel | Dec. 31/01 | 835,024 | 734,719 | 100,305 | 151,853 | (51,548) | (43,835) |
| Others | Various | 120,663 | 95,211 | 25,452 | 1,610 | 23,842 | 23,629 |
| Total | | $ 1,657,097 | $ 1,478,249 | $ 178,848 | $ 224,417 | $ (45,569) | $ (41,568) |

* Includes unamortized transitional assets, unamortized (gains) losses and unamortized past service costs.

At December 31, 2003, 32.9 per cent (2002 - 48.0 per cent) of pension plan assets were invested in fixed income securities and 52.5 per cent (2002 - 43.5 per cent) in equity investments.

### ii) Defined contribution plans

Information on the defined contribution plans of government business enterprises follows:

| | 2004 | | | 2003 |
|---|---|---|---|---|
| | PEPP | Capital | Total | Total |
| Plan status | open | open | n/a | n/a |
| Member contribution rate, percentage of salary | 5 - 6.35* | 5 - 5.5 | n/a | n/a |
| Number of active members | 8,152 | 2,152 | 10,304 | 10,122 |
| Number of inactive members | 2,961 | 65 | 3,026 | 2,902 |
| Member contributions (thousands of dollars) | $ 19,021 | $ 4,775 | $ 23,796 | $ 22,064 |
| Government contributions (thousands of dollars) | 24,012 | 4,673 | 28,685 | 26,393 |

* Contribution rate varies based on employee group.

### iii) Pension expense

Pension expense and pension interest expense for government business enterprises are included in income from government business enterprises. The pension expense (income) for the year for the defined benefit plans is $6.5 million (2003 - $(9.8) million) and $28.7 million (2003 - $26.4 million) for the defined contribution plans.

### b) Other Future Benefit Plans

Other future benefit plans of government business enterprises include defined benefit severance plans for management employees, union employees and the supplementary superannuation plan. The present value of accrued benefits is $42.2 million (2003 - $38.9 million) and the accrued benefit liability is $23.0 million (2003 - $21.4 million).

## 8. Reserves

The accumulated deficit of $9,296.0 million consists of an unallocated deficit component of $9,307.9 million and the Environmental Protection Reserve of $11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

## 9. Debt Charges

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Total interest costs | $ 1,185,969 | $ 1,147,426 |
| Interest reimbursed from government business enterprises | (267,027) | (269,487) |
| Net foreign exchange loss | 3,660 | 9,771 |
| Other costs | 5,231 | 6,679 |
| Total Debt Charges | $ 927,833 | $ 894,389 |

# Government of Saskatchewan
# Notes to the Summary Financial Statements

## 10. Expenditure by Object

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Transfers | $ 2,796,023 | $ 2,630,166 |
| Salaries and benefits | 2,282,391 | 2,131,202 |
| Operating costs | 1,001,119 | 1,012,013 |
| Debt charges | 927,833 | 894,389 |
| Tangible capital asset acqusitions | 303,898 | 318,131 |
| Other | 436,095 | 1,143,589 |
| Total Expenditure | $ 7,747,359 | $ 8,129,490 |

## 11. Comparison of Planned to Actual Results

(thousands of dollars)

| | 2004 | | 2003 |
|---|---|---|---|
| | Planned | Actual | Actual |
| Surplus of the General Revenue Fund | $ 134 | $ 983 | $ 860 |
| Surplus (Deficit) of other government service organizations | | 12,496 | (105,871) |
| Adjustment to conform to the basis of accounting described in note 1(c) | | (3,888) | (171,853) |
| Dividends received from government organizations | | (890,452) | (829,545) |
| Deficit from government service organizations | | (880,861) | (1,106,409) |
| Income from government business enterprises | | 734,016 | 452,755 |
| Deficit | | $ (146,845) | $ (653,654) |

The planned and actual figures are before elimination of inter-organization transactions.

## 12. Contingencies

### Guaranteed debt

Debt of $273.0 million (2003 - $319.9 million) is guaranteed by the Government. Schedule 11 provides a listing of guaranteed debt.

### Lawsuits

Up to $104.9 million may be paid depending on the outcome of lawsuits in progress.

### Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and that these costs are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

## 13. Commitments

Significant financial commitments include:

- forward purchase commitments of $1,744.8 million for coal contracted for future minimum deliveries valued at current prices, and approximately $4,800 million for power over the next 24 years;
- treaty land entitlement agreement commitments valued at approximately $29.5 million;
- other commitments of $507.3 million which include commitments of $18.9 million for agriculture, $20.1 million for community development, $68.8 million for economic development, $41.2 million for education, $42.4 million for environment, $38.1 million for health, $109.9 million for social services and assistance, and $63.7 million for transportation; and

# Government of Saskatchewan
# Notes to the Summary Financial Statements

- operating and capital lease obligations as follows:

(thousands of dollars)

| | Operating | Capital |
|---|---|---|
| Future minimum lease payments | | |
| 2004-05 | $ 87,606 | $ 22,266 |
| 2005-06 | 81,907 | 20,270 |
| 2006-07 | 72,937 | 17,114 |
| 2007-08 | 51,579 | 13,807 |
| 2008-09 | 43,353 | 13,424 |
| Thereafter | 17,895 | 59,079 |
| | 355,277 | 145,960 |
| Interest and executory costs | - | (69,673) |
| Total Lease Obligations | $ 355,277 | $ 76,287 |

Total operating lease obligations include $173.0 million for government service organizations and $182.3 million for government business enterprises.

Total capital lease obligations include $59.7 million for government service organizations (schedule 6) and $16.6 million for government business enterprises.

## 14. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are administered but not owned by the Government. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the Government at March 31, 2004, are as follows:

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Pension plans[1] | $ 8,277,428 | $ 7,470,428 |
| Public Guardian and Trustee of Saskatchewan | 136,396 | 121,788 |
| Other | 8,998 | 36,371 |
| Total Trust Funds | $ 8,422,822 | $ 7,628,587 |

[1] The balance reflects the latest financial statements of the funds closest to March 31, 2004.

## 15. Adjustment to Accumulated Deficit

During 2003-04, the government changed its accounting treatment for transfers under the Net Income Stabilization Account (NISA) resulting in a $46.1 million reduction in agriculture expenditure and a corresponding increase in the opening accumulated deficit.

During 2003-04, a government business enterprise adopted new standards of accounting for asset retirement obligations recommended by the Canadian Institute of Chartered Accountants. As a result, the Government recorded an increase in investment in government enterprises of $180.8 million and a corresponding decrease in the accumulated deficit. The comparative figures have not been restated. The effect of this change in accounting policy in the current year is an increase in income from government business enterprises of $10.0 million.

During 2002-03, a government business partnership adopted the asset and liability method of accounting for income taxes as recommended by the CICA. As a result, in 2002-03, the Government recorded an increase in other investments of $77.8 million and a corresponding decrease in the accumulated deficit.

## 16. Comparative Figures

Certain of the 2003 comparative figures have been reclassified to conform with the current year's presentation.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

For the Year Ended March 31, 2004

## Schedule 1 - Accounts Receivable

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Taxation | $ 180,391 | $ 155,407 |
| Non-renewable resources | 107,265 | 137,522 |
| Other own-source revenue | 549,503 | 480,160 |
| Transfers from the federal government | 93,636 | 154,333 |
| | 930,795 | 927,422 |
| Provision for loss | (80,795) | (81,773) |
| **Total Accounts Receivable** | $ 850,000 | $ 845,649 |

## Schedule 2 - Loans and Mortgages Receivable

(thousands of dollars)

| | 2004 | 2003 (Restated) |
|---|---|---|
| Student loans | $ 99,444 | $ 59,602 |
| Agricultural loans | 68,636 | 74,169 |
| Other loans | 57,667 | 58,292 |
| Mortgages | 3,870 | 4,190 |
| | 229,617 | 196,253 |
| Provision for loss | (82,126) | (66,611) |
| **Total Loans and Mortgages Receivable** | $ 147,491 | $ 129,642 |

See page 59 for additional information.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 2 (continued) - Loans and Mortgages Receivable

### Student Loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest-free until the discontinuance of full-time studies or graduation. Interest rates are prescribed by the Minister of Learning. Special incentive loan remission grants, student bursaries, scholarships, study grants and other varieties of loan forgiveness are available to students who meet specific criteria.

A Risk Sharing Student Loans Agreement between the Government and a bank was signed in March 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Government retained responsibility for loan approval. Loans approved are lender-financed, disbursed, managed and collected by the bank. The Government pays a risk premium of 5.0 per cent to the bank when loans become repayable.

In June 2001, the Government entered into an agreement with the federal government to integrate the federal and provincial student loans programs. This agreement is effective for loans approved on or after August 1, 2001 and establishes the Government as financier of the program. The Government approves applications for both provincial and federal loans. Disbursement, administration and collection of loans is contracted to external agencies.

A loss provision of $42.3 million (2003 - $19.5 million) has been recorded on these loans.

### Agricultural Loans

*Capital loan program*

The Government holds $42.7 million (2003 - $51.5 million) in loans under the Capital loan program. These loans are repayable over terms not exceeding twenty-five years and bear interest at rates between 5.0 per cent and 13.5 per cent (2003 - 5.0 and 13.5 per cent). Security on individual loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*. A loss provision of $11.8 million (2003 - $17.1 million) has been recorded on these loans.

*Other agricultural loans*

The Government holds $25.9 million (2003 restated - $22.7 million) in loans under various other agricultural loan programs. The interest on these loans ranges from 5.0 to 10.5 per cent (2003 - 5.0 to 10.5 per cent). Generally, the loans are secured by promissory notes and, where applicable, by guarantees or general security arrangements. A loss provision of $9.7 million (2003 restated - $8.1 million) has been recorded on these loans.

### Other Loans

The Government's loan portfolio also consists of numerous other loans at various interest rates. Maturities on these loans extend to 2022. A loss provision of $17.5 million (2003 - $21.7 million) has been recorded on these loans.

### Mortgages

Mortgages are repayable, at various interest rates, over terms not exceeding thirty-five years. Security on the mortgages may include promissory notes or charges against residential property. A loss provision of $0.9 million (2003 - $0.9 million) has been recorded on these mortgages.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 3 - Investment in Government Business Enterprises

| | SaskEnergy Incorporated Dec. 31, 2003 | Saskatchewan Power Corporation Dec. 31, 2003 | Saskatchewan Telecom-munications Holding Corporation Dec. 31, 2003 | Liquor and Gaming Authority Mar. 31, 2004 | Saskatchewan Gaming Corporation Mar. 31, 2004 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and temporary investments | | | | | |
| Due from government organizations | $ | | | 36,652 | |
| Other | (1,295) | 3,693 | 90,579 | 5,390 | 23,274 |
| Accounts receivable | | | | | |
| Due from government organizations | | 2,037 | | | |
| Other | 144,524 | 154,810 | 92,833 | 25,656 | 214 |
| Inventories | 6,458 | 116,106 | 4,072 | 17,597 | 209 |
| Prepaid expenses | | 7,002 | 10,381 | 3,384 | 641 |
| Long-term investments | | | | | |
| In the Government | | | | | |
| Other | 23,768 | 25,444 | 12,274 | | |
| Capital assets | 940,267 | 3,260,586 | 914,679 | 93,487 | 57,685 |
| Other assets | | | | | |
| Due from government organizations | | 5,000 | | | |
| Other | 118,889 | 36,327 | 110,951 | 3,865 | |
| **Total Assets** | **1,232,611** | **3,611,005** | **1,235,769** | **186,011** | **82,023** |
| **Liabilities** | | | | | |
| Accounts payable and accrued liabilities | | | | | |
| Due to government organizations | 13,541 | 51,780 | 9,711 | | |
| Other | 127,443 | 166,720 | 105,925 | 14,581 | 6,250 |
| Dividends payable to government organizations | 10,560 | 94,678 | 23,198 | 143,938 | 36,480 |
| Debt | | | | | |
| Owing to government organizations | 768,066 | 1,704,438 | 391,191 | | |
| Other | 4,816 | 97,048 | 8,669 | | 31,118 |
| Unearned revenue | | | | | |
| Received from government organizations | | | | | |
| Other | | | 31,904 | | |
| Unpaid insurance claims | | | | | |
| Other liabilities | | 112,757 | 9,033 | 27,427 | 8,175 |
| **Total Liabilities** | **924,426** | **2,227,421** | **579,631** | **185,946** | **82,023** |
| **Net Assets (Liabilities)** | $ **308,185** | **1,383,584** | **656,138** | **65** | - |
| **Revenue** | | | | | |
| From government organizations | $ 19,249 | 17,705 | 49,196 | | |
| Other | 672,932 | 1,231,275 | 847,498 | 737,134 | 97,718 |
| **Total Revenue** | **692,181** | **1,248,980** | **896,694** | **737,134** | **97,718** |
| **Expenses** | | | | | |
| Paid and owing to government organizations | 71,789 | 253,855 | 30,841 | | |
| Other | 579,367 | 807,897 | 765,001 | 376,375 | 61,238 |
| **Total Expenses[3]** | **651,156** | **1,061,752** | **795,842** | **376,375** | **61,238** |
| Income (loss) before non-recurring items | 41,025 | 187,228 | 100,852 | 360,759 | 36,480 |
| Non-recurring items | | | (15,797) | | |
| **Net Income (Loss)** | **41,025** | **187,228** | **85,055** | **360,759** | **36,480** |
| Retained earnings (deficit) - beginning of year | 223,373 | 524,081 | 397,642 | 304 | - |
| Effect of prior period adjustment | | 180,787 | | (232) | |
| Dividends to government organizations | (26,660) | (168,505) | (76,564) | (360,766) | (36,480) |
| Retained earnings (deficit) - end of year | 237,738 | 723,591 | 406,133 | 65 | - |
| Equity advances from government organizations | 71,531 | 659,993 | 250,000 | | |
| **Investment in Government Business Enterprises** | **309,269** | **1,383,584** | **656,133** | **65** | - |
| Other equity [4] | (1,084) | | 5 | | |
| Net Assets (Deficiency) | $ 308,185 | 1,383,584 | 656,138 | 65 | - |

See page 62 for additional information.

[3] Adjustments include:

- reclassifying dividends paid by March 31, 2004;
- reclassifying cross currency swaps of Saskatchewan Power Corporation; and
- reversing the loss recognized by Municipal Financing Corporation for a premium paid to a government service organization on an exchange of debt.

(thousands of dollars)

| Municipal Financing Corporation of Saskatchewan Dec. 31, 2003 | Saskatchewan Government Insurance Dec. 31, 2003 | Saskatchewan Auto Fund Dec. 31, 2003 | Workers' Compensation Board (Saskatchewan)[2] Dec. 31, 2003 | Saskatchewan Government Growth Fund Management Corporation Dec. 31, 2003 | Adjustments[1] | Total 2004 | Total 2003 |
|---|---|---|---|---|---|---|---|
| | | | | | | $ 36,652 | $ 23,047 |
| 2,621 | 42,351 | 82,912 | 25,711 | 729 | (134,101) | 141,864 | 260,699 |
| | | 4,653 | 8,959 | | | 15,649 | 118,056 |
| 618 | 67,366 | 102,661 | 27,161 | 2,315 | | 618,158 | 493,432 |
| | | | | | | 144,442 | 137,316 |
| | 64,932 | 20,687 | | | | 107,007 | 109,011 |
| | 6,624 | 13,659 | 7,562 | | | 27,845 | 44,186 |
| 21,634 | 289,438 | 726,012 | 800,067 | 435 | | 1,899,072 | 2,715,016 |
| | 9,967 | 39,924 | 20,051 | 2 | | 5,336,648 | 4,321,182 |
| | | | | | | 5,000 | 4,500 |
| 46 | 1,661 | | | | 7,594 | 279,333 | 299,198 |
| **24,919** | **482,339** | **990,508** | **889,511** | **3,481** | **(126,507)** | **8,611,670** | 8,525,643 |
| | 13,534 | 24,683 | 7,624 | - | | 120,873 | 123,851 |
| 305 | 17,489 | 13,340 | 22,524 | 213 | | 474,790 | 463,986 |
| | 5,865 | | | | (134,101) | 180,418 | 127,257 |
| 14,391 | | | | | 21,841 | 2,899,927 | 2,996,769 |
| | | | | | | 141,651 | 136,283 |
| | 138,808 | 226,623 | | | | 397,335 | 376,846 |
| | 211,128 | 711,510 | 801,777 | | | 1,724,415 | 1,650,138 |
| | 3,211 | | 108,953 | | (21,841) | 247,715 | 457,636 |
| **14,696** | **389,835** | **976,156** | **940,878** | **213** | **(134,101)** | **6,187,124** | 6,332,766 |
| **10,223** | **92,504** | **14,352** | **(51,367)** | **3,268** | **7,594** | $ 2,424,546 | $ 2,192,877 |
| | | 7,527 | 17,314 | | | $ 110,991 | $ 89,542 |
| 1,556 | 260,580 | 533,744 | 208,253 | 3,618 | | 4,594,308 | 4,279,888 |
| **1,556** | **260,580** | **541,271** | **225,567** | **3,618** | - | 4,705,299 | 4,369,430 |
| 1,496 | 10,254 | 38,934 | 7,624 | | 684 | 415,477 | 428,207 |
| 25 | 229,124 | 490,809 | 225,815 | 3,249 | 1,109 | 3,540,009 | 3,448,074 |
| **1,521** | **239,378** | **529,743** | **233,439** | **3,249** | **1,793** | 3,955,486 | 3,876,281 |
| 35 | 21,202 | 11,528 | (7,872) | 369 | (1,793) | 749,813 | 493,149 |
| | | | | | | (15,797) | (40,394) |
| **35** | **21,202** | **11,528** | **(7,872)** | **369** | **(1,793)** | 734,016 | 452,755 |
| 10,188 | 30,084 | 2,824 | (43,495) | 2,898 | 9,148 | 1,157,047 | 1,211,214 |
| | | | | | 232 | 180,787 | - |
| | (13,782) | | | | | (682,757) | (506,922) |
| 10,223 | 37,504 | 14,352 | (51,367) | 3,267 | 7,587 | 1,389,093 | 1,157,047 |
| | 55,000 | | | 1 | 7 | 1,036,532 | 1,036,532 |
| **10,223** | **92,504** | **14,352** | **(51,367)** | **3,268** | **7,594** | 2,425,625 | 2,193,579 |
| | | | | | | (1,079) | (702) |
| 10,223 | 92,504 | 14,352 | (51,367) | 3,268 | 7,594 | $ 2,424,546 | $ 2,192,877 |

[2] Net assets are restricted as disclosed on page 62

[3] Total expenses include debt charges, net of sinking fund earnings, of $228.3 million (2003 - $239.3 million). Interest in the amount of $221.6 million (2003 - $246.8 million) was paid to government organizations.

[4] Other equity consists of unrealized gains (losses) on translation of self-sustaining foreign operations.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 3 (continued) - Investment in Government Business Enterprises

### SaskEnergy Incorporated (SaskEnergy)

SaskEnergy promotes, transports, stores and distributes natural gas in Saskatchewan.

### Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

### Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of voice, data, internet, wireless, text, image and entertainment products, systems and services. Through interconnection agreements, SaskTel is part of the national and global communications network.

### Liquor and Gaming Authority (SLGA)

SLGA's main functions are to control the manufacture and distribution of beverage alcohol throughout the Province, to oversee the licencing of all establishments selling alcohol in the Province and to maintain the integrity of all licenced gaming while ensuring maximum benefit to Saskatchewan charities.

### Saskatchewan Gaming Corporation (SGC)

SGC manages and operates Casino Regina and Casino Moose Jaw.

### Municipal Financing Corporation of Saskatchewan (MFC)

MFC's objective is to assist municipalities in financing their capital requirements.

### Saskatchewan Government Insurance (SGI) & Saskatchewan Auto Fund (Auto Fund)

SGI's competitive general insurance business, SGI CANADA, offers a comprehensive line of home, tenant, farm, automobile extension and commercial coverages.

The Auto Fund, the provincial compulsory vehicle insurance program, is administered by SGI on behalf of the Government. Any net assets of the Auto Fund are held on behalf of Saskatchewan's motoring public and are not used for the payment of dividends to the General Revenue Fund.

### Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for the payment of dividends to the General Revenue Fund.

### Saskatchewan Government Growth Fund Management Corporation (SGGF)

SGGF participates in the federal government's Immigrant Investor Program to acquire lower cost capital for commercial investment in Saskatchewan. Investment funds are raised through eight subsidiary fund companies and are managed by Crown Capital Partners Inc., a fund manager.

In March 1999, the Immigrant Investor Program ended. However, with a significant number of subscribers yet to complete their subscription requirements, the funds will require management by SGGF for at least the next six years.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 4 - Other Investments

(thousands of dollars)

| | 2004 | 2003 (Restated) |
|---|---|---|
| **Equity Investments** | | |
| Government Business Partnerships | $ 93,625 | $ 81,438 |
| Saskferco Products Inc. | 120,188 | 116,055 |
| Meadow Lake OSB Limited Partnership | 30,614 | 27,478 |
| Other | 32,129 | 40,963 |
| | 276,556 | 265,934 |
| **Portfolio Investments** | | |
| HARO Financial Corporation | 68,000 | 68,000 |
| Other | 36,351 | 35,457 |
| | 104,351 | 103,457 |
| **Bonds, Debentures and Other Advances** | | |
| HARO Financial Corporation | 115,649 | 139,029 |
| Meadow Lake Pulp Limited Partnership | 158,360 | 158,361 |
| Other | 51,437 | 49,915 |
| | 325,446 | 347,305 |
| **Property Holdings** | 6,122 | 5,509 |
| **Total Other Investments** | $ 712,475 | $ 722,205 |

See pages 64-66 for additional information.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 4 (continued) - Other Investments

### Government Business Partnerships

The Government has invested in government business partnerships to promote economic growth and provide an economic return. At March 31, 2004, the Government's investment in government business partnerships includes:

- a 50 per cent interest in NewGrade Energy Inc., which operates a heavy oil upgrading plant in Regina;
- a 35 per cent interest in Centennial Foods Partnership, a value-added food manufacturing and distribution business in Saskatoon;
- a 33.3 per cent interest in Foragen Technologies Limited Partnership, a venture capital fund which provides seed capital to technology corporations;
- a 50 per cent interest in each of Hypor B.V. and Hypor LP, which carry on the business of research, development, production, marketing and sale of pigs, and swine genetic material; and
- a 50 per cent interest in Meadow Lake Pulp Limited Partnership, which operates a pulp mill near Meadow Lake.

(thousands of dollars)

| Condensed Financial Information for Government Business Partnerships | 2004 | 2003 |
|---|---|---|
| **Assets** | | |
| Capital assets | $ 249,351 | $ 256,826 |
| Other | 410,345 | 406,371 |
| **Total Assets** | 659,696 | 663,197 |
| **Liabilities** | | |
| Debt | | |
| Owing to government organizations | 664,667 | 599,357 |
| Other | 177,698 | 212,585 |
| Other | 137,919 | 160,669 |
| **Total Liabilities** | 980,284 | 972,611 |
| **Net Liabilities** | $ (320,588) | $ (309,414) |
| **Operating Results** | | |
| Revenue | $ 1,314,043 | $ 1,317,848 |
| Expenses | 1,339,753 | 1,351,710 |
| **Net Operating Results** | (25,710) | (33,862) |
| Net Operating Deficiency - beginning of year | (489,001) | (528,318) |
| Effect of prior period adjustment | 5,645 | 73,178 |
| Net Operating Deficiency - end of year | (509,066) | (489,002) |
| Equity advances/share capital (net of partnership distributions) | 188,478 | 179,588 |
| **Net Deficiency** | $ (320,588) | $ (309,414) |
| **Investment in Government Business Partnerships** | | |
| Government's share of Net Operating Deficiency - end of year | $ (253,027) | $ (243,063) |
| Government's investment[1] | 100,832 | 93,324 |
| Adjustments[2] | 245,820 | 231,177 |
| **Total Investment in Government Business Partnerships[3]** | $ 93,625 | $ 81,438 |

[1] Government's investment includes the Government's initial investment net of partnership distributions as well as subsequent cash injections provided under various terms and conditions.

[2] Adjustments include:
- elimination of expenditures included in the Government's share of accumulated operating deficiency above and also consolidated as part of the operations of government service organizations;
- additional operating expenditures incurred by the Government's subsidiaries through which the Government has made these investments; and
- certain valuation and amortization adjustments.

[3] Total investment in government business partnerships consists of:

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| NewGrade Energy Inc. | $ 109,057 | $ 109,553 |
| Centennial Foods Partnership | 18,238 | 17,984 |
| Foragen Technologies Limited Partnership | 6,556 | 4,144 |
| Hypor B.V. | 4,739 | - |
| Hypor LP | 4,165 | - |
| Meadow Lake Pulp Limited Partnership | (49,130) | (50,243) |
| | $ 93,625 | $ 81,438 |

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 4 (continued) - Other Investments

**Saskferco Products Inc. (Saskferco)**

The Government holds a 49 per cent voting interest in Saskferco, a nitrogen fertilizer plant in Belle Plaine.

**Meadow Lake OSB Limited Partnership (ML OSB)**

The Government is a limited partner in ML OSB, an oriented strand board facility near Meadow Lake. The Government holds 27.5 million partnership units (2003 - 23.8 million) representing a 25 per cent (2003 - 25 per cent) interest in ML OSB. The Government has issued options to purchase its units of ML OSB, which, if exercised, would reduce the Government's interest to 6.8 per cent.

**HARO Financial Corporation (HARO)**

In 1992, the Government entered into a Term Loan agreement with HARO. The loan was for an initial five-year term with a maximum of four five-year renewal terms at the option of HARO. In 2002, the Government agreed to renew this loan for a third five-year term. Annual interest rates on the loan are fixed at the start of each renewal term. For the third five-year term, the interest rate on the loan is 5.5 per cent compounded annually.

Security for the loan is 100 per cent of HARO's assets, which consist primarily of HARO's 65.2 per cent interest in Crown Life Insurance Company (Crown Life) shares.

Payment of principal and interest is subject to available cash flow as defined in the loan agreement. Due to collection uncertainty, the Government will record interest income when payments are received. The total interest deferred and owing to the Government at March 31, 2004 is $197.5 million (2003 - $185.7 million).

All unpaid principal and interest is due on December 15, 2017. On that date, any amounts outstanding will convert to 100 per cent of HARO equity shares. The Government has a unilateral right, prior to December 15, 2017, to convert no less than 25 per cent of the loan to either HARO non-voting, HARO voting or Crown Life shares. Any conversion may be subject to regulatory approval.

The Government owns 68 million HARO Class B non-voting common shares, which entitle the Government to a maximum of 100 per cent of participation rights with respect to dividends and remaining property of HARO on its liquidation or dissolution. Subject to regulatory approval, the Government has a unilateral right to exchange at any time the Class B shares for voting shares or HARO's assets.

**Meadow Lake Pulp Limited Partnership (MLPLP)**

In addition to its equity interest in MLPLP, the Government has also provided the following loans:

- Participating Debenture of $99.0 million (2003 - $99.0 million) bearing interest at 11.15 per cent calculated on October 31 of each year;
- Term Loan of $20.0 million (2003 - $20.0 million) bearing interest at prime plus 2.0 per cent, which is 6.0 per cent at March 31, 2004 (2003 - 6.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance;
- Contingency Loan of $10.9 million (2003 - $10.9 million) bearing interest at prime plus 1.0 per cent, which is 5.0 per cent at March 31, 2004 (2003 - 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance;
- Guarantee Advance of $8.0 million (2003 - $8.0 million) bearing interest at prime plus 1.0 per cent, which is 5.0 per cent at March 31, 2004 (2003 - 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance;
- Cash Flow Loan of $10.5 million (2003 - $10.5 million) bearing interest at prime plus 1.0 per cent, which is 5.0 per cent at March 31, 2004 (2003 - 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance; and
- Guarantee Loan of $10.0 million (2003 - $10.0 million) bearing interest at prime plus 1.0 per cent, which is 5.0 per cent at March 31, 2004 (2003 – 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance.

The Government records, as a separate loan (Interest Loan), the accrued interest receivable from the Participating Debenture. Interest on the Interest Loan, at 11.15 per cent, is calculated on October 31 of each year and is added to the principal balance outstanding on the loan. Interest income earned and forming part of the Interest Loan is recorded as deferred interest income due to the uncertainty of collection. The deferred interest income will be recorded as income when payments are received. The total deferred interest is $446.3 million (2003 - $383.0 million).

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 4 (continued) - Other Investments

Any payments to be made on the Participating Debenture, Contingency Loan, Guarantee Advance, Cash Flow Loan, Guarantee Loan and the Interest Loan are subject to available cash flows as defined in the loan agreements. Payments towards principal outstanding on the Term Loan are due in two equal instalments after MLPLP has fully repaid an external bank loan. The Participating Debenture, Term Loan, Contingency Loan and Interest Loan mature in 2014. The remaining balance outstanding on the Participating Debenture and Interest Loan on October 31, 2014 shall bear interest at a rate equal to the Government's short-term cost of borrowing, which at March 31, 2004 is 2.11 per cent (2003 - 3.24 per cent), until paid in full.

Due to the uncertainty of cash flows from MLPLP, the Government's Participating Debenture is shown net of a loss provision of $60.0 million (2003 - $60.0 million).

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 5 - Accounts Payable and Accrued Liabilities

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Transfers | | |
| Federal government | $ 131,550 | $ 94,032 |
| Other | 178,007 | 223,417 |
| Accrued salaries and benefits | 301,968 | 289,979 |
| Supplier payments | 205,093 | 213,318 |
| Accrued interest | 172,676 | 166,715 |
| Other | 362,627 | 284,001 |
| **Total Accounts Payable and Accrued Liabilities** | **$ 1,351,921** | $ 1,271,462 |

## Schedule 6 - Other Liabilities

(thousands of dollars)

| | 2004 | 2003 (Restated) |
|---|---|---|
| Funds held on behalf of government business enterprises and others | | |
| Liquor and Gaming Authority | $ 39,181 | $ 17,932 |
| Court of Queen's Bench | 10,559 | 10,486 |
| Other | 30,560 | 33,389 |
| Capital lease obligations (note 13) | 59,747 | 61,637 |
| Other | 40,936 | 30,980 |
| **Total Other Liabilities** | **$ 180,983** | $ 154,424 |

## Schedule 7 - Unearned Revenue

(thousands of dollars)

| | 2004 | 2003 (Restated) |
|---|---|---|
| Housing contributions | $ 109,296 | $ 87,108 |
| Motor vehicle licencing fees | 28,525 | 29,998 |
| Health contributions | 27,375 | 35,590 |
| Crown mineral leases | 17,109 | 16,305 |
| Other | 34,661 | 46,076 |
| **Total Unearned Revenue** | **$ 216,966** | $ 215,077 |

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 8 - Public Debt

(thousands of dollars)

| | 2004 | | | 2003 |
|---|---|---|---|---|
| | Gross Public Debt | Sinking Funds[3] | Public Debt | Public Debt |
| **Government Service Organizations** | | | | |
| General Revenue Fund[1] | $ 8,768,059 | $ (736,422) | $ 8,031,637 | $ 7,821,426 |
| Saskatchewan Opportunities Corporation | 156,968 | (4,988) | 151,980 | 141,974 |
| Regional Health Authorities | 124,110 | - | 124,110 | 118,151 |
| Saskatchewan Housing Corporation | 98,598 | (3,055) | 95,543 | 114,007 |
| Saskatchewan Crop Insurance Corporation | 177,000 | - | 177,000 | 113,000 |
| Information Services Corporation of Saskatchewan | 60,880 | - | 60,880 | 64,606 |
| Saskatchewan Water Corporation | 57,579 | (4,347) | 53,232 | 49,495 |
| Education Infrastructure Financing Corporation | - | - | - | 38,224 |
| Agricultural Credit Corporation of Saskatchewan | 9,100 | - | 9,100 | 23,617 |
| Investment Saskatchewan Inc. | 20,919 | (5,675) | 15,244 | 15,476 |
| Other | 6,418 | (1,409) | 5,009 | 5,597 |
| **Debt of Government Service Organizations** | 9,479,631 | (755,896) | 8,723,735 | 8,505,573 |
| **Government Business Enterprises** | | | | |
| Saskatchewan Power Corporation | 1,943,082 | (119,755) | 1,823,327 | 1,864,355 |
| SaskEnergy Incorporated | 799,003 | (26,121) | 772,882 | 791,796 |
| Saskatchewan Telecommunications Holding Corporation | 434,249 | (34,389) | 399,860 | 428,428 |
| Saskatchewan Gaming Corporation | 31,118 | - | 31,118 | 33,398 |
| Municipal Financing Corporation of Saskatchewan | 14,391 | - | 14,391 | 15,075 |
| | 3,221,843 | (180,265) | 3,041,578 | 3,133,052 |
| Net change to March 31 | 186,399 | (11,375) | 175,024 | 71,991 |
| **Debt of Government Business Enterprises[2]** | 3,408,242 | (191,640) | 3,216,602 | 3,205,043 |
| **Total Public Debt[4]** | $ 12,887,873 | $ (947,536) | $ 11,940,337 | $ 11,710,616 |

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

[1] General Revenue Fund debt is shown net of $3,060.8 million (2003 - $3,077.9 million) reimbursable from government business enterprises and $551.5 million (2003 - $548.9 million) reimbursable from government service organizations.

[2] The debt of government business enterprises is as presented in their audited financial statements closest to March 31, 2004, as disclosed on schedule 3. The balance is adjusted for the net change to March 31, 2004.

[3] See schedule 9 for information on sinking funds.

[4] See schedule 10 for information on public debt by maturity.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 9 - Sinking Funds

(thousands of dollars)

| | 2003 | 2004 | | | | |
|---|---|---|---|---|---|---|
| | Sinking Funds | Contributions | Earnings | Redemptions | Currency Adjustment | Sinking Funds |
| **Government Service Organizations** | | | | | | |
| General Revenue Fund | $ 690,949 | $ 58,816 | $ 46,868 | $ (30,234) | $ (29,977) | $ 736,422 |
| Investment Saskatchewan Inc.[1] | 5,443 | - | 232 | - | - | 5,675 |
| Saskatchewan Water Corporation | 3,771 | 302 | 274 | - | - | 4,347 |
| Saskatchewan Opportunities Corporation | 3,826 | 850 | 312 | - | - | 4,988 |
| Saskatchewan Housing Corporation | 2,286 | 585 | 184 | - | - | 3,055 |
| Saskatchewan Property Management Corporation | 679 | 674 | 56 | - | - | 1,409 |
| **Sinking Funds of Government Service Organizations** | 706,954 | 61,227 | 47,926 | (30,234) | (29,977) | 755,896 |
| **Government Business Enterprises** | | | | | | |
| Saskatchewan Power Corporation | 120,976 | 14,925 | 8,340 | (10,245) | (14,240) | 119,756 |
| Saskatchewan Telecommunications Holding Corporation | 34,452 | 2,952 | 2,547 | - | (5,563) | 34,388 |
| SaskEnergy Incorporated | 20,408 | 4,540 | 1,173 | - | - | 26,121 |
| | 175,836 | 22,417 | 12,060 | (10,245) | (19,803) | 180,265 |
| Net Change to March 31 | 3,379 | (220) | (265) | (284) | 8,765 | 11,375 |
| **Sinking Funds of Government Business Enterprises** | 179,215 | 22,197 | 11,795 | (10,529) | (11,038) | 191,640 |
| **Total Sinking Funds** | $ 886,169 | $ 83,424 | $ 59,721 | $ (40,763) | $ (41,015) | $ 947,536 |

[1] Sinking fund transferred from Crown Investments Corporation of Saskatchewan (non-consolidated), effective October 1, 2003.

The market value of sinking funds, at March 31, 2004, is $1,010.8 million (2003 - $934.9 million).

Sinking fund earnings include gains on investment sales of $12.5 million (2003 - $22.3 million).

Annual contributions, when established by Order in Council, are set at not less than 1 per cent of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

(thousands of dollars)

| | Government Service Organizations | | Government Business Enterprises | | |
|---|---|---|---|---|---|
| | Canadian Dollar Debt | U.S. Dollar Debt (CDN $) | Canadian Dollar Debt | U.S. Dollar Debt (CDN $) | Total (CDN $) |
| 2004-05 | $ 55,926 | $ 8,440 | $ 15,640 | $ 8,767 | $ 88,773 |
| 2005-06 | 47,434 | 8,440 | 15,495 | 8,767 | 80,136 |
| 2006-07 | 45,184 | 8,440 | 14,745 | 8,767 | 77,136 |
| 2007-08 | 43,184 | 8,440 | 14,745 | 8,767 | 75,136 |
| 2008-09 | 43,184 | 8,440 | 14,446 | 6,224 | 72,294 |
| | $ 234,912 | $ 42,200 | $ 75,071 | $ 41,292 | $ 393,475 |

Sinking fund assets have been invested as follows:

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| Long-term Investments | | |
| Other provincial governments' securities; coupon interest range 4.8% to 9.5%; maturing in 5.7 to 35.3 years | $ 397,949 | $ 344,190 |
| Government of Saskatchewan securities; coupon interest range 4.9% to 10.3%; maturing in 4.0 to 29.4 years | 323,003 | 280,970 |
| Government of the United States securities; coupon interest range 5.4% to 9.3%; maturing in 12.1 to 26.9 years | 54,996 | 44,664 |
| Government of Canada securities; coupon interest range 5.1% to 8.0%; maturing in 3.5 to 25.2 years | 36,643 | 110,008 |
| Cash, short-term investments and accrued interest | 134,945 | 106,337 |
| **Total Sinking Funds** | $ 947,536 | $ 886,169 |

Short-term investments include $16.0 million (2003 - $16.0 million) in Government of Saskatchewan securities.

Cash, short-term investments and accrued interest are disclosed net of $1.6 million (2003 - $1.8 million) in liabilities.

Included in total sinking funds are U.S. dollar cash, investments and accrued interest converted to $359.8 million Canadian (2003 - $371.0 million) at the exchange rate in effect at March 31, 2004 of 1.3105 (2003 - 1.4693).

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 10 - Public Debt by Maturity

(thousands of dollars)

| Year of Maturity | 2004 Canadian Dollar Debt | 2004 U.S. Dollar Debt (CDN $) | 2004 Total (CDN $) | 2004 Average Coupon Rate | 2003 Total (CDN$) | 2003 Average Coupon Rate |
|---|---|---|---|---|---|---|
| **Government Service Organizations** | | | | | | |
| Short-term promissory notes | $ 187,500 | $ - | $ 187,500 | 2.07% | $ 315,793 | 2.87% |
| 2003-04 | - | - | - | - | 398,541 | 7.15% |
| 2004-05 | 1,162,850 | - | 1,162,850 | 8.37% | 1,116,547 | 8.52% |
| 2005-06 | 762,062 | - | 762,062 | 6.21% | 764,384 | 6.21% |
| 2006-07 | 1,126,791 | - | 1,126,791 | 5.85% | 1,127,744 | 5.85% |
| 2007-08 | 464,682 | - | 464,682 | 5.06% | 466,003 | 5.06% |
| 2008-09 | 620,131 | - | 620,131 | 4.85% | - | |
| **1-5 years** | 4,324,016 | - | 4,324,016 | | 4,189,012 | |
| 6-10 years | 2,856,410 | 331,109 | 3,187,519 | 7.08% | 2,836,898 | 7.24% |
| 11-15 years | 619,609 | - | 619,609 | 10.04% | 964,797 | 9.06% |
| 16-20 years | 184,287 | 524,200 | 708,487 | 8.34% | 731,820 | 8.55% |
| 21-25 years | 250,000 | - | 250,000 | 5.75% | - | |
| 26-30 years | 340,000 | - | 340,000 | 6.13% | 440,000 | 6.03% |
| Thereafter | 50,000 | - | 50,000 | 5.70% | 50,000 | 5.70% |
| | 8,624,322 | 855,309 | 9,479,631 | | 9,212,527 | |
| Sinking funds | (494,495) | (261,401) | (755,896) | | (706,954) | |
| **Debt of Government Service Organizations** | 8,129,827 | 593,908 | 8,723,735 | | 8,505,573 | |
| **Government Business Enterprises** | | | | | | |
| Short-term promissory notes | 47,500 | - | 47,500 | 2.07% | 81,707 | 2.87% |
| 2003-04 | - | - | - | - | 168,175 | 9.39% |
| 2004-05 | 209,218 | - | 209,218 | 11.41% | 209,819 | 11.40% |
| 2005-06 | 252,784 | - | 252,784 | 8.67% | 252,836 | 8.67% |
| 2006-07 | 129,513 | - | 129,513 | 9.50% | 129,570 | 9.52% |
| 2007-08 | 371,715 | 64,215 | 435,930 | 7.79% | 448,648 | 7.76% |
| 2008-09 | 121,930 | - | 121,930 | 8.97% | - | |
| **1-5 years** | 1,132,660 | 64,215 | 1,196,875 | | 1,290,755 | |
| 6-10 years | 368,887 | 32,763 | 401,650 | 6.77% | 410,686 | 7.37% |
| 11-15 years | 30,903 | - | 30,903 | 6.18% | 139,571 | 7.37% |
| 16-20 years | 401,069 | 425,912 | 826,981 | 8.93% | 887,754 | 8.99% |
| 21-25 years | 418,067 | (131,050) | 287,017 | 7.82% | 190,676 | 8.66% |
| 26-30 years | 660,000 | - | 660,000 | 6.13% | 460,000 | 6.26% |
| Thereafter | 4,816 | - | 4,816 | 13.50% | 4,816 | 13.50% |
| | 3,016,402 | 391,840 | 3,408,242 | | 3,384,258 | |
| Sinking funds | (93,237) | (98,403) | (191,640) | | (179,215) | |
| **Debt of Government Business Enterprises** | 2,923,165 | 293,437 | 3,216,602 | | 3,205,043 | |
| **Total Public Debt** | $ 11,052,992 | $ 887,345 | $ 11,940,337 | | $ 11,710,616 | |

See page 71 for additional information.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 10 (continued) - Public Debt by Maturity

The average effective interest rate on total public debt during 2003-04 was 6.20 per cent (2002-03 - 7.23 per cent) and includes the impact of foreign exchange and the amortization of any premiums or discounts associated with the debentures. The average term to maturity of total public debt outstanding at March 31, 2004 is 9.0 years (2003 - 8.4 years).

Total public debt includes Canada Pension Plan debentures of $1,081.6 million (2003 - $1,150.7 million). These debentures are callable in whole or in part before maturity, on 30 days prior notice, at the option of the Minister of Finance of Saskatchewan.

Total public debt includes debentures of $440.0 million (2003 - $390.0 million) that provide the holder with a choice of dates on which the debt matures. The year of maturity reflects the earliest possible date of maturity rather than the maximum term to maturity.

**Sensitivity of Debt and Debt Charges**

U.S. dollar debentures have been converted to Canadian dollars at the exchange rate in effect at March 31, 2004 of 1.3105 (2003 - 1.4693), except for 194.0 million U.S. dollars converted at the cross currency swaption rate of 1.3690. A one cent change in the value of the U.S. dollar compared to the Canadian dollar from the March 31, 2004 level would change debt charges by $1.2 million in 2004-05 and debt by $8.2 million.

Debt of government service organizations includes floating rate debt of $2,058.5 million (2003 - $1,445.1 million). Floating rate debt is defined as the sum of floating rate debentures, short-term promissory notes, fixed rate debt maturing within one year and Saskatchewan Savings Bonds. A one percentage point increase in interest rates would increase debt charges by $20.6 million in 2004-05.

**Derivative Financial Instruments**

*Cross Currency Swaps*

The following foreign-denominated items have been hedged to Canadian dollars using cross currency swaps:

- debentures totalling 10.0 billion yen (2003 - 12.5 billion) fully hedged to $130.8 million Canadian (2003 - $161.8 million);
- debentures totalling 1,151.0 million U.S. dollars (2003 - 862.0 million) fully hedged to $1,588.7 million Canadian (2003 - $1,192.4 million); and
- interest payments on debentures of 50.0 million U.S. dollars (2003 - 0) hedged to Canadian dollars at an exchange rate of 1.3010.

In total, the Government has cross currency swaps on a notional value of debt of $1,915.4 million (2003 - $1,516.1 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

*Cross Currency Swaptions*

U.S. dollar debt includes 194.0 million U.S. dollars (2003 - 0) that may be converted to $265.6 Canadian (2003 - $0) at the option of third parties. These options expire on July 15, 2004 and August 1, 2004.

*Interest Rate Swaps and Forward Rate Agreements*

The Government has interest rate swaps on a notional value of debt of $851.3 million (2003 - $843.1 million) and forward rate agreements on a notional value of debt of $125.0 million (2003 - $125.0 million).

*Foreign Currency Forward Exchange Contracts*

The Government has forward purchase commitments to acquire 4.7 million U.S. dollars (2003 - 43.9 million) at a cost of $6.2 million Canadian (2003 - $66.6 million).

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 11 - Guaranteed Debt

(thousands of dollars)

| | | 2004 | | 2003 |
|---|---|---|---|---|
| *The Crown Corporations Act, 1993* | | | | |
| Meadow Lake Pulp Limited Partnership | $ | **60,000** | $ | 70,000 |
| NewGrade Energy Inc. | | **32,217** | | 45,100 |
| Meadow Lake OSB Limited Partnership | | **21,181** | | 4,875 |
| *The NewGrade Energy Inc. Act* | | | | |
| NewGrade Energy Inc. | | **42,175** | | 59,045 |
| *The Industry and Commerce Development Act* | | | | |
| Saskferco Products Inc. | | **36,088** | | 66,440 |
| *The Agricultural Credit Corporation of Saskatchewan Act* | | | | |
| BSE Livestock Loan Guarantee Program | | **30,005** | | - |
| *The Farm Financial Stability Act* | | | | |
| Breeder associations | | **17,901** | | 16,831 |
| Feeder associations | | **11,219** | | 10,431 |
| *The Power Corporation Act* | | | | |
| Luscar Ltd. | | **-** | | 21,785 |
| Other | | **22,193** | | 25,404 |
| **Total Guaranteed Debt** | $ | **272,979** | $ | 319,911 |

Total guaranteed debt is net of a loss provision of $8.6 million (2003 - $3.6 million).
In addition to the amount shown, there is a contingent liability for interest accrued on these items.

See page 73 for additional information.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 11 (continued) - Guaranteed Debt

### Meadow Lake Pulp Limited Partnership (MLPLP)

The Government has guaranteed certain debentures issued by MLPLP to a maximum of $62 million. The debentures are due in 2006.

### NewGrade Energy Inc. (NewGrade)

The Government has guaranteed certain long-term debt of NewGrade to a maximum of $360 million. A significant portion of this guarantee relates to U.S. denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar.

The Government has also indemnified the Government of Canada for its guarantee of NewGrade's long-term debt, to a maximum of $275 million.

### Meadow Lake OSB Limited Partnership (ML OSB)

The Government has guaranteed certain loans of ML OSB to a maximum of $27.5 million. The loans are due in 2006.

### Saskferco Products Inc. (Saskferco)

The Government has guaranteed certain medium-term notes issued by Saskferco. This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of $105.4 million (2003 - $123.1 million) for Saskferco's equity in a sinking fund.

### BSE Livestock Loan Guarantee Program

The Government has guaranteed certain loans of livestock producers affected by export market restrictions on cattle. The loans are due in 2008.

### Breeder and Feeder Associations

The Government provides guarantees to lenders who make loans to production associations. The Government guarantees repayment of 25 per cent of the outstanding loan balance at the time of a first default on any advance, plus accrued interest as of the time that payment is to be made on the guarantee. Guarantees for each cattle association are limited to $6 million under both the breeder and feeder options. Guarantees for each bison association are limited to $5 million under the feeder option. Guarantees for each sheep association are limited to $4 million under both the breeder and feeder options.

### Luscar Ltd.

The Government guaranteed a $45 million promissory note issued by Luscar Ltd. For 2003, the amount recorded is net of equity in a sinking fund administered by the Minister of Finance. Luscar Ltd. repaid its promissory note in May 2003, extinguishing the guarantee.

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 12 - Revenue

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Taxation** | | |
| Individual income | $ 1,245,763 | $ 1,429,757 |
| Sales | 854,480 | 813,932 |
| Corporation capital | 371,479 | 379,093 |
| Fuel | 356,773 | 331,512 |
| Corporation income | 310,573 | 178,267 |
| Tobacco | 176,747 | 158,472 |
| Other | 83,019 | 78,208 |
| Total Taxation | 3,398,834 | 3,369,241 |
| **Non-renewable Resources** | | |
| Oil | 774,488 | 862,318 |
| Potash | 120,179 | 175,061 |
| Natural gas | 210,455 | 152,728 |
| Other | 35,840 | 53,542 |
| Total Non-renewable Resources | 1,140,962 | 1,243,649 |
| **Other Own-source Revenue** | | |
| Fees | | |
| Motor vehicle licencing | 119,412 | 116,964 |
| Health care | 122,281 | 120,354 |
| Subsidized housing rental | 77,844 | 76,098 |
| Other | 231,249 | 203,257 |
| Investment income | | |
| Interest and dividends | 103,168 | 92,980 |
| Earnings from equity investments | 14,557 | 16,384 |
| (Loss) gain on sale of other investments | (631) | 3,418 |
| Insurance | 142,603 | 102,269 |
| Other | 247,244 | 264,613 |
| Total Other Own-source Revenue | 1,057,727 | 996,337 |
| **Total Own-source Revenue** | 5,597,523 | 5,609,227 |
| **Transfers from the Federal Government** | | |
| Canada Health and Social Transfer | 750,558 | 668,211 |
| Crop insurance contributions | 126,017 | 536,619 |
| Housing subsidy | 50,602 | 46,535 |
| Equalization | 41,284 | (9,215) |
| Other | 300,514 | 171,704 |
| **Total Transfers from the Federal Government** | 1,268,975 | 1,413,854 |
| **Total Revenue** | $ 6,866,498 | $ 7,023,081 |

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 13 - Gains and Losses on Other Investments

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| **Earnings (Losses) from Equity Investments** | | |
| NewGrade Energy Inc.[1] | **7,155** | 16,792 |
| Saskferco Products Inc. | **6,197** | 6,751 |
| Meadow Lake OSB Limited Partnership | **2,968** | - |
| Meadow Lake Pulp Limited Partnership | **870** | (2,325) |
| Centennial Foods Partnership | **365** | (1,365) |
| Hypor B.V. | **(51)** | - |
| Foragen Technologies Limited Partnership | **(588)** | (654) |
| Hypor LP | **(2,295)** | - |
| Other | **(64)** | (2,815) |
| Net Earnings from Equity Investments | **14,557** | 16,384 |
| (Loss) Gain on Sale of Other Investments | **(631)** | 3,418 |
| Provision for Loss | **(3,352)** | (9,077) |
| **Net Gain on Other Investments** | **$ 10,574** | $ 10,725 |

[1] Net of purchase premium amortization of $15 million.

## Schedule 14 - Net Change in Non-cash Operating Activities

(thousands of dollars)

| | 2004 | 2003 |
|---|---|---|
| (Increase) decrease in prepaid expenditures | **$ (120)** | $ 5,663 |
| Increase in accounts receivable | **(4,351)** | (137,494) |
| Decrease in inventories held for resale | **1,100** | 3,261 |
| Decrease (increase) in deferred charges | **652** | (3,626) |
| Increase in accounts payable and accrued liabilities | **80,459** | 233,727 |
| Increase (decrease) in unearned revenue | **1,889** | (10,073) |
| **Net Change in Non-cash Operating Activities** | **$ 79,629** | $ 91,458 |

# Government of Saskatchewan
# Schedules to the Summary Financial Statements

## Schedule 15 - Reporting Entity

### **Government Service Organizations** (Consolidated)

Agricultural Credit Corporation of Saskatchewan
Agricultural Implements Board
Agri-Food Innovation Fund
Board of Governors, Uranium City Hospital
Cattle Marketing Deductions Fund
Commercial Revolving Fund
Community Initiatives Fund
Correctional Facilities Industries Revolving Fund
Crop Reinsurance Fund of Saskatchewan
Crown Investments Corporation of Saskatchewan (non-consolidated) [3c]
Education Infrastructure Financing Corporation
Extended Health Care Plan [3c]
Extended Health Care Plan for Certain Other Employees [3c]
Fiscal Stabilization Fund
Fish and Wildlife Development Fund
Forest Fire Contingency Fund
General Revenue Fund
Government House Foundation
Health Quality Council
Highways Revolving Fund
Horned Cattle Fund
Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund[1]
Information Services Corporation of Saskatchewan [3c]
Investment Saskatchewan Inc. [2, 3c]
Law Reform Commission of Saskatchewan
Learning Resources Distribution Centre Revolving Fund
Livestock Services Revolving Fund
Milk Control Board [3c]
Northern Revenue Sharing Trust Account [3c]
Oil and Gas Environmental Fund
Operator Certification Board
Pastures Revolving Fund
Prairie Agricultural Machinery Institute
Public Employees Benefits Agency Revolving Fund
Public Employees Dental Fund [3c]
Public Employees Disability Income Fund [3c]
Public Employees Group Life Insurance Fund [3c]
Queen's Printer Revolving Fund
Regional Colleges [3a]
Regional Health Authorities
Resource Protection and Development Revolving Fund
Saskatchewan Agricultural Stabilization Fund
Saskatchewan Apprenticeship and Trade Certification Commission [3a]
Saskatchewan Archives Board
Saskatchewan Arts Board
Saskatchewan Cancer Foundation
Saskatchewan Centre of the Arts Fund
Saskatchewan Communications Network Corporation
Saskatchewan Correspondence School Revolving Fund
Saskatchewan Crop Insurance Corporation
Saskatchewan Development Fund Corporation [3c]
Saskatchewan Grain Car Corporation [3b]
Saskatchewan Health Information Network
Saskatchewan Health Research Foundation
Saskatchewan Heritage Foundation
Saskatchewan Housing Corporation [3c]
Saskatchewan Institute of Applied Science and Technology [3a]
Saskatchewan Legal Aid Commission
Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation
Saskatchewan Opportunities Corporation [3c]
Saskatchewan Property Management Corporation
Saskatchewan Research Council
Saskatchewan Student Aid Fund
Saskatchewan Transportation Company [3c]
Saskatchewan Water Corporation [3c]
Saskatchewan Watershed Authority
Saskatchewan Western Development Museum
Sask911 Account
St. Louis Alcoholism Rehabilitation Centre
Training Completions Fund
Transportation Partnerships Fund
Victims' Fund
Water Appeal Board

### **Government Business Enterprises** (Modified Equity)

Liquor and Gaming Authority
Municipal Financing Corporation of Saskatchewan
Saskatchewan Auto Fund
Saskatchewan Gaming Corporation
Saskatchewan Government Growth Fund Management Corporation
Saskatchewan Government Insurance
Saskatchewan Power Corporation
Saskatchewan Telecommunications Holding Corporation
SaskEnergy Incorporated
Workers' Compensation Board (Saskatchewan)

[1] Organization established during 2003-04.
[2] Name changed from CIC Industrial Interests Inc. during 2003-04.
[3] The year-ends of certain government service organizations differ from March 31, 2004: [a] June 2003; [b] July 2003; and [c] December 2003.

# General Revenue Fund - Details of Debentures (unaudited)

# General Revenue Fund
# Public Issue Debentures
As at March 31, 2004

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2003-04 |
|---|---|---|---|---|---|---|---|---|---|
| May 10/94 | May 10/04 | 8.82 | Semiannual | Can. | GRF | 67,116,600 | 67,116,600 | — | — |
| (The original 4.48% 5,000,000,000 Japanese Yen loan has been swapped into Canadian dollars at an interest rate of 8.82%; Non-callable; Payable in Tokyo) | | | | | | | | | |
| June 22/99 | June 17/04 | 5.50-5.75 | Semiannual | Can. | SOCO | 25,000,000 | 25,000,000 | — | — |
| (Canadian medium term note; If not redeemed by the holder on June 17, 2004, this note matures on June 17, 2019; This note pays interest of 5.50% to June 17, 2004 and 5.75% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| July 15/99 | July 15/04 | 5.00 | Annual | Can. | GRF | 138,642,700 | 138,642,700 | — | — |
| (Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2000; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| July 26/94 | July 15/04 | 7.408 | Semiannual | Can. | GRF | 553,094,588 | 553,094,588 | 72,694,526 | 5,345,200 |
| (The original 8% $400,000,000 U.S. debentures have been swapped into Canadian dollars at an interest rate of 7.405%; Payable in New York) | | | | | | | | | |
| Aug. 16/94 | Aug. 16/04 | 9.50 | Semiannual | Can. | GRF | 300,000,000 | 300,000,000 | 37,961,957 | 3,000,000 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Dec. 30/86 | Dec. 30/04 | 9.625 | Semiannual | Can. | SaskPower | 89,300,000 | | | |
| | | | | | SaskEnergy | 10,700,000 | 100,000,000 | — | — |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Feb. 17/00 | Jan. 25/05 | 6.10-6.25 | Semiannual | Can. | SOCO | 25,000,000 | 25,000,000 | 1,114,863 | 250,000 |
| (Canadian medium term note; If not redeemed by the holder on January 25, 2005, this note matures on January 25, 2030; This note pays interest at 6.10% to January 25, 2005 and 6.25% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Jan. 16/02 | April 1/05 | 4.205 | Semiannual | Can. | GRF | 50,000,000 | 50,000,000 | — | — |
| (Canadian medium term note; The original floating rate debt pays interest at the three month bankers' acceptance rate plus 0.09%. This has been swapped into a fixed rate obligation paying 4.205%; This book based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| July 15/00 | July 15/05 | 5.75 | Annual | Can. | GRF | 481,133,900 | 481,133,900 | — | — |
| (Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2001; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| Dec. 19/95 | Dec. 19/05 | 7.50 | Semiannual | Can. | GRF | 218,200,000 | | | |
| | | | | | Sask Water | 6,800,000 | | | |
| | | | | | SaskEnergy | 75,000,000 | 300,000,000 | 31,857,116 | 3,084,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |

# General Revenue Fund
# Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2003-04 |
|---|---|---|---|---|---|---|---|---|---|
| March 24/99 | March 5/06 | 5.00-5.60 | Semiannual | Can. | SaskTel..... | 35,000,000 | | | |
| | | | | | SaskEnergy... | 25,000,000 | 60,000,000 | --- | --- |
| (Canadian medium term note; If not redeemed by the holder on March 5, 2006, this note matures on March 5, 2029; This note pays interest at 5.00% to March 5, 2006 and 5.60% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Oct. 27/00 | June 1/06 | 6.00 | Semiannual | Can. | GRF..... | 240,000,000 | | | |
| | | | | | SOCO..... | 10,000,000 | 250,000,000 | --- | --- |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| July 15/01 | July 15/06 | 4.25 | Annual | Can. | GRF..... | 46,860,800 | 46,860,800 | --- | --- |
| (Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2002; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| Aug. 23/96 | Aug. 23/06 | 7.846 | Semiannual | Can. | GRF..... | 63,684,000 | 63,684,000 | --- | --- |
| (The original 3.451% 5,000,000,000 Japanese Yen loan has been swapped into Canadian dollars at an interest rate of 7.846%; Non-callable; Payable in Tokyo) | | | | | | | | | |
| Nov. 1/01 | Dec. 1/06 | 4.75 | Semiannual | Can. | GRF..... | 260,000,000 | | | |
| | | | | | SOCO..... | 10,000,000 | | | |
| | | | | | ISC..... | 30,000,000 | 300,000,000 | --- | --- |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Jan. 25/00 | Jan. 25/07 | 6.35 | Semiannual | Can. | GRF..... | 30,000,000 | 30,000,000 | 1,337,835 | 300,000 |
| (Canadian medium term note; Extendible at the option of the holder to January 25, 2030; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Jan. 25/00 | Jan. 25/07 | 5.49-6.35 | Semiannual | Can. | GRF..... | 170,000,000 | 170,000,000 | 6,972,560 | 1,700,000 |
| (Canadian medium term note; Extendible at the option of the holder to January 25, 2030; This note pays interest at 6.20% to January 25, 2007, and 6.35% thereafter; $120,000,000 of this note has been swapped into an obligation paying 5.49% to January 25, 2007, and 6.35% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| March 9/00 | March 9/07 | 6.25 | Semiannual | Can. | GRF..... | 250,000,000 | 250,000,000 | --- | --- |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| May 15/97 | May 15/07 | 6.65 | Semiannual | Can. | SaskEnergy... | 30,000,000 | 30,000,000 | 2,237,190 | 300,000 |
| (Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| July 15/02 | July 15/07 | 3.25 | Annual | Can. | GRF..... | 51,052,100 | 51,052,100 | --- | --- |
| (Savings Bond; Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2003; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |

# General Revenue Fund
# Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2003-04 |
|---|---|---|---|---|---|---|---|---|---|
| Jan. 31/02 | Sept. 6/07 | 5.00 | Semiannual | Can. | GRF | 400,000,000 | 400,000,000 | — | — |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| March 2/83 | March 1/08 | 9.00 | Annual | Can. | SaskEnergy | 50,000,000 | 50,000,000 | — | — |
| (Non-callable; Payable in London and Toronto) | | | | | | | | | |
| March 15/93 | March 15/08 | 7.125 | Semiannual | U.S. | SaskPower | 194,000,000 | 194,000,000 * | 33,593,441 * | 2,597,854 ** |
| (Non-callable; Payable in New York) | | | | | | | | | |
| Nov. 28/97 | May 28/08 | 5.50 | Semiannual | Can. | SOCO | 20,000,000 | 20,000,000 | 1,491,460 | 200,000 |
| (Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Feb. 26/98 | June 2/08 | 5.50 | Semiannual | Can. | GRF | 328,500,000 | | | |
| | | | | | SOCO | 40,000,000 | | | |
| | | | | | SaskEnergy | 25,000,000 | | | |
| | | | | | Sask Housing | 6,500,000 | 400,000,000 | 23,818,026 | 4,000,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| July 15/03 | July 15/08 | 3.00 | Annual | Can. | GRF | 134,182,100 | 134,182,100 | — | — |
| (Savings Bond; Redeemable annually at the option of the holder or any time on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 2004; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| Sept. 24/03 | Sept. 5/08 | 3.90-5.75 | Semiannual | Can. | Sask Crop | 50,000,000 | 50,000,000 | — | — |
| (Canadian medium term note; Extendible at the option of the holder to September 5, 2033; This note pays interest at 3.90% to September 5, 2008, and 5.75% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Feb. 13/02 | Feb. 13/09 | 5.05-6.30 | Semiannual | Can. | Sask Housing | 24,500,000 | | | |
| | | | | | SPMC | 5,500,000 | 30,000,000 | 1,409,309 | 673,750 |
| (Canadian medium term note; Extendible at the option of the holder to February 13, 2032; This note pays interest at 5.05% to February 13, 2009, and 6.30% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Sept. 24/02 | Sept. 24/09 | 4.75 | Annual | Can. | GRF | 195,500,000 | | | |
| | | | | | Sask Crop | 50,000,000 | | | |
| | | | | | Sask Water | 4,500,000 | 250,000,000 | — | — |
| (Euro medium term note; Non-callable; Payable in London) | | | | | | | | | |
| Nov. 12/99 | Nov. 12/09 | 6.50 | Semiannual | Can. | GRF | 250,000,000 | 250,000,000 | 11,259,156 | 2,500,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Jan. 18/90 | Jan. 18/10 | 10.00 | Semiannual | Can. | GRF | 300,000,000 | 300,000,000 | 74,710,170 | 3,000,000 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |

# General Revenue Fund
# Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2003-04 |
|---|---|---|---|---|---|---|---|---|---|
| Sept. 1/00 | Sept. 1/10 | 6.15 | Semiannual | Can. | GRF..... | 380,000,000 | | | |
| | | | | | SaskTel..... | 90,000,000 | | | |
| | | | | | SaskEnergy... | 80,000,000 | 550,000,000 | 18,217,411 | 5,500,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| March 1/01 | March 1/11 | 6.80 | Semiannual | Can. | GRF..... | 50,000,000 | 50,000,000 | 1,606,849 | 500,000 |
| (Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| June 10/03 | Sept. 5/11 | 4.75-5.80 | Semiannual | Can. | GRF..... | 50,000,000 | 50,000,000 | — | — |
| (Canadian medium term note; Extendible at the option of the holder to September 5, 2033; This note pays interest at 4.75% to September 5, 2011, and 5.80% thereafter; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Sept. 20/02 | Dec. 3/12 | 5.25 | Semiannual | Can. | GRF..... | 300,000,000 | | | |
| | | | | | SaskEnergy... | 50,000,000 | 350,000,000 | 3,616,060 | 3,500,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Feb. 2/93 | Feb. 1/13 | 7.402 | Semiannual | Can. | GRF..... | 362,478,760 | | 26,410,233 | 5,353,600 |
| | | 8.00 | | U.S. | GRF..... | 149,000,000 * | 511,478,760 | 49,461,602 * | |
| ($251,000,000 U.S. of the original 8% $400,000,000 U.S. debentures have been swapped into Canadian dollars at an interest rate of 7.402%; Non-callable; Payable in New York) | | | | | | | | | |
| June 17/03 | June 17/13 | 4.75 | Annual | Can. | GRF..... | 195,000,000 | | | |
| | | | | | MFC..... | 5,000,000 | 200,000,000 | — | — |
| (Euro medium term note; Non-callable; Payable in London) | | | | | | | | | |
| July 20/93 | July 15/13 | 7.677 | Semiannual | Can. | GRF..... | 173,469,500 | | | |
| | | 7.375 | | U.S. | GRF..... | 95,000,000 * | | | |
| | | 7.375 | | U.S. | SaskPower.... | 75,000,000 * | 343,469,500 * | 46,951,069 * | 4,368,349 ** |
| ($130,000,000 U.S. of the GRF's $225,000,000 U.S. share of the 7.375% debenture issue has been swapped into Canadian dollars at an interest rate of 7.677%. Of the remaining $95,000,000 U.S., interest payments on $50,000,000 U.S. have been swapped into Canadian dollars at an interest rate of 7.912%; Non-callable; Payable in New York) | | | | | | | | | |
| Sept. 30/03 | Dec. 3/13 | 4.90 | Semiannual | Can. | GRF..... | 200,000,000 | 200,000,000 | — | — |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| March 14/91 | April 10/14 | 10.25 | Semiannual | Can. | GRF..... | 583,916,000 | 583,916,000 | 118,913,362 | 5,839,160 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Dec. 1/65 | Dec. 1/15 | 5.125 | Semiannual | Can. | GRF..... | 1,060,321 | | | |
| | | | | | U. of S. ..... | 296,694 | 1,357,015 | — | — |
| (Payable in blended semi-annual payments of principal and interest totalling $76,399.60; Payable in whole or in part any time prior to December 1, 2015, without penalty; Payable in Ottawa) | | | | | | | | | |

# General Revenue Fund
## Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 2003-04 |
|---|---|---|---|---|---|---|---|---|---|
| Sept. 17/96 | Sept. 17/16 | 7.93 | Semiannual | Can. | Sask Water.... | 15,801,000 | 15,801,000 | — | — |
| (Canadian medium term serial note; Payable in annual instalments; Non-callable; Payable in Regina) | | | | | | | | | |
| Dec. 20/90 | Dec. 15/20 | 9.375 | Semiannual | U.S. | GRF..... | 100,000,000 | | | |
| | | | | | SaskPower.... | 100,000,000 | | | |
| | | | | | SaskTel..... | 100,000,000 | 300,000,000 * | 47,412,200 * | 4,004,600 ** |
| (Non-callable; Payable in New York) | | | | | | | | | |
| Feb. 26/91 | Feb. 15/21 | 9.125 | Semiannual | U.S. | GRF..... | 200,000,000 | 200,000,000 * | 43,504,227 * | 2,601,135 ** |
| (Non-callable; Payable in New York) | | | | | | | | | |
| Feb. 4/92 | Feb. 4/22 | 9.60 | Semiannual | Can. | SaskPower.... | 240,000,000 | | | |
| | | | | | Sask Water.... | 15,000,000 | 255,000,000 | 45,518,517 | 2,550,000 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| July 21/92 | July 15/22 | 8.50 | Semiannual | U.S. | GRF..... | 100,000,000 | | | |
| | | | | | SaskPower.... | 200,000,000 | 300,000,000 * | 53,631,942 * | 4,200,321 ** |
| (Non-callable; Payable in New York) | | | | | | | | | |
| May 30/95 | May 30/25 | 8.75 | Semiannual | Can. | SaskPower.... | 100,000,000 | | | |
| | | | | | SaskEnergy... | 75,000,000 | 175,000,000 | 19,117,985 | 1,750,000 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Dec. 4/98 | March 5/29 | 5.75 | Semiannual | Can. | GRF..... | 250,000,000 | | | |
| | | | | | SaskTel..... | 75,000,000 | | | |
| | | | | | SaskEnergy... | 25,000,000 | 350,000,000 | 16,724,180 | 3,500,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Dec. 10/01 | Sept. 5/31 | 6.40 | Semiannual | Can. | GRF..... | 190,000,000 | | | |
| | | | | | SaskPower.... | 300,000,000 | | | |
| | | | | | SaskEnergy... | 60,000,000 | 550,000,000 | 10,708,392 | 5,500,000 |
| (Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| May 12/03 | Sept. 5/33 | 5.80 | Semiannual | Can. | GRF..... | 150,000,000 | | | |
| | | | | | SaskPower.... | 300,000,000 | 450,000,000 | — | — |
| $250,000,000 of debentures were issued on May 12, 2003; This issue was reopened on January 14, 2004 and an additional $200,000,000 of debentures were sold; Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| Sept. 16/02 | Sept. 5/42 | 5.70 | Semiannual | Can. | GRF..... | 50,000,000 | 50,000,000 | 523,437 | 500,000 |
| (Canadian medium term note; Non-callable; This book-based note is held in the Canadian Depository for Securities) | | | | | | | | | |
| * Adjustment to reflect conversion of debentures and related sinking funds quoted in foreign currencies to Canadian dollars using the exchange rate in effect at March 31, 2004 (U.S. $1.3105) | | | | | | | 419,032,740 | 85,249,166 | — |
| **Total** | | | | | | | **$11,274,821,803** | **$888,024,241** | **$76,617,969** |

** Sinking fund contributions to U.S. dollar sinking funds are made in U.S. dollars. Contributions for general government purposes are shown at the cost in Canadian dollars to purchase U.S. dollars equal to the contribution amount. Contributions for C[illegible] corporation purposes are converted to Canadian dollars at the U.S./Canadian exchange rate at the date the contribution was made.

# General Revenue Fund
## Debentures Issued to the Minister of Finance of Canada
As at March 31, 2004

| Date of Issue | Date of Maturity | Interest Rate % | Amount Outstanding |
|---|---|---|---|
| **Canada Pension Plan Investment Fund*** | | | |
| April 1984 - March 1985 | April 2004 - March 2005 | 13.37 | 104,274,000 |
| April 1985 - March 1986 | April 2005 - March 2006 | 11.48 | 112,507,000 |
| April 1986 - March 1987 | April 2006 - March 2007 | 9.61 | 133,709,000 |
| April 1987 - March 1988 | April 2007 - March 2008 | 9.61 | 88,333,000 |
| April 1988 - March 1989 | April 2008 - March 2009 | 10.08 | 93,932,000 |
| April 1989 - March 1990 | April 2009 - March 2010 ** | 9.90 | 101,867,000 |
| April 1990 - March 1991 | April 2010 - March 2011 ** | 10.85 | 90,318,000 |
| April 1991 - March 1992 | April 2011 - March 2012 ** | 9.92 | 90,664,000 |
| April 1992 - March 1993 | April 2012 - March 2013 ** | 9.37 | 62,705,000 |
| April 1999 - March 2000 | April 2019 - March 2020 ** | 6.34 | 46,335,000 |
| April 2000 - March 2001 | April 2020 - March 2021 ** | 6.54 | 75,553,000 |
| April 2002 - March 2003 | April 2022 - March 2023 ** | 5.89 | 41,182,000 |
| April 2003 - March 2004 | April 2023 - March 2024 ** | 5.48 | 40,189,000 |
| | | | 1,081,568,000 |
| **The Municipal Development Loan Fund** | | | |
| 1965 - 1967 | 2005 - 2007 | 5.38 | 9,785 |
| **Total** | | | **$ 1,081,577,785** |

The average effective interest rate on debentures issued to the Minister of Finance of Canada is 9.70%.

* Canada Pension Debentures have a 20 year maturity. These debentures are callable in whole or in part before maturity, on 30 days prior notice at the option of the Minister of Finance of Saskatchewan.

** Subject in part to annual sinking funds; equity in sinking funds at March 31, 2004, $59,510,924.

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# Glossary of Terms

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# Glossary of Terms

## Accrual Accounting

The method used to prepare the financial statements included in Volume 1 of the Public Accounts. Accrual accounting recognizes financial transactions at the time they occur, regardless of whether any cash is received or paid.

## Accumulated Deficit

The amount by which expenditures have exceeded revenues from the beginning of incorporation (1905). It is the sum of all annual deficits and surpluses plus any adjustments that were charged directly to the accumulated deficit.

## Budget

The amount presented in the Estimates and authorized by the Legislative Assembly.

## Consolidation

The method used to account for government service organizations in the Summary financial statements in which the accounts are adjusted to the basis of accounting described in note 1c of the Summary financial statements and then combined. Inter-organization balances and transactions are eliminated.

## Debt

Terms used when describing debt include:

***Guaranteed debt*** is the debt of others that the Government has agreed to repay if others default.

***Sinking funds*** are funds set aside for the repayment of debt.

***Debt (as reported in the General Revenue Fund financial statements)*** is the debt issued for general government purposes and Crown corporations, net of sinking funds.

***Total debt (as reported in the General Revenue Fund financial statements)*** is the debt issued for general government purposes and Crown corporations, net of sinking funds, plus guaranteed debt.

***Public debt (as reported in the Summary financial statements)*** is the debt of government service organizations, net of sinking funds.

***Total public debt (as reported in the Summary financial statements)*** is the debt of government service organizations and government business enterprises, net of sinking funds.

## Debt Reduction Account

The account, established pursuant to *The Balanced Budget Act*, to account for the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

## Fiscal Stabilization Fund (FSF)

The fund established to stabilize the fiscal position of the Government and to facilitate long-term planning. Stabilization occurs through transfers between the FSF and the General Revenue Fund.

## General Revenue Fund

The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

## Government Business Enterprises

Self-sufficient government organizations that have the financial and operating authority to sell goods and services to individuals and organizations outside the reporting entity as their principal activity. Government business enterprises are recorded in the Summary financial statements using the modified equity method.

## Government Business Partnerships

Investments by the Government where there is a contractual arrangement between the Government and one or more partners outside the reporting entity and where the partners share, on an equitable basis, the risks and benefits of the partnership. These partnerships are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the reporting entity as their principal activity. Government business partnerships are accounted for in the Summary financial statements using the modified equity method.

## Government Service Organizations

Those organizations that are accountable to the Government and either owned or controlled by the Government, except those designated as government business enterprises. Government service organizations are consolidated in the Summary financial statements after adjustment to a basis consistent with the accounting policies described in note 1c of the Summary financial statements.

## Modified Equity

The method by which government business enterprises and government business partnerships are accounted for in the Summary financial statements. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise/partnership without adjustment to conform with the accounting policies described in note 1c of the Summary financial statements. Inter-organizational balances and transactions are disclosed but not eliminated.

## Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

## Summary Financial Statements (SFS)

The statements prepared to account for the full nature and extent of the financial activities of the Government. The SFS reporting entity includes the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government. Trusts administered by the Government are excluded from the reporting entity.

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